

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MARCH 2, 2023**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23372:

**DeLorean 9-10 Fed 1BS Com 1H Well
DeLorean 9-10 Fed 2BS Com 5H Well**

Case No. 23373:

**DeLorean 9-10 Fed 1BS Com 3H Well
DeLorean 9-10 Fed 2BS Com 7H Well**

Case No. 23374:

**DeLorean 9-10 Fed 1BS Com 2H Well
DeLorean 9-10 Fed 2BS Com 6H Well**

Case No. 23375:

**DeLorean 9-10 Fed 1BS Com 4H Well
DeLorean 9-10 Fed 2BS Com 88H Well**

Earthstone Operating, LLC

TABLE OF CONTENTS

TAB 1	<p>Reference for Case No. 23372</p> <p>Application Case No. 23372: DeLorean 9-10 Fed 1BS Com 1H Well DeLorean 9-10 Fed 2BS Com 5H Well</p> <p>NMOCD Checklist Case No. 23372</p>
TAB 2 23372	<p>Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman</p> <p>Exhibit A-1: C-102 Forms</p> <p>Exhibit A-2: Ownership and Sectional Map</p> <p>Exhibit A-3: Well Proposal Letters and AFEs</p> <p>Exhibit A-4: Chronology of Contacts with Uncommitted Owners</p>
TAB 3 23372	<p>Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist</p> <p>Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure</p> <p>Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure</p> <p>Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum</p> <p>Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum</p> <p>Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach</p> <p>Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach</p> <p>Exhibit B-7: Gun Barrel View</p>
TAB 4 23372	<p>Exhibit C: Affidavit of Notice, Darin C. Savage</p> <p>Exhibit C-1: Notice Letter</p> <p>Exhibit C-2: Mailing List</p> <p>Exhibit C-3: Affidavit of Publication</p>
TAB 1	<p>Reference for Case No. 23373</p> <p>Application Case No. 23373: DeLorean 9-10 Fed 1BS Com 3H Well DeLorean 9-10 Fed 2BS Com 7H Well</p> <p>NMOCD Checklist Case No. 23373</p>
TAB 2 23373	<p>Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman</p> <p>Exhibit A-1: C-102 Forms</p> <p>Exhibit A-2: Ownership and Sectional Map</p> <p>Exhibit A-3: Well Proposal Letters and AFEs</p> <p>Exhibit A-4: Chronology of Contacts with Uncommitted Owners</p>
TAB 3 23374	<p>Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist</p> <p>Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure</p> <p>Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure</p> <p>Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum</p> <p>Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum</p> <p>Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach</p> <p>Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach</p> <p>Exhibit B-7: Gun Barrel View</p>

TAB 4 Exhibit C: Affidavit of Notice, Darin C. Savage
 23373 Exhibit C-1: Notice Letters
 Exhibit C-2: Mailing List
 Exhibit C-3: Affidavit of Publication

TAB 1 **Reference for Case No. 23374**
Application Case No. 23374: DeLorean 9-10 Fed 1BS Com 2H Well
DeLorean 9-10 Fed 2BS Com 6H Well
NMOCD Checklist Case No. 23374

TAB 2 Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
 23374 Exhibit A-1: C-102 Forms
 Exhibit A-2: Ownership and Sectional Map
 Exhibit A-3: Well Proposal Letters and AFEs
 Exhibit A-4: Chronology of Contacts with Uncommitted Owners

TAB 3 Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
 23374 Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
 Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
 Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
 Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
 Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
 Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
 Exhibit B-7: Gun Barrel View

TAB 4 Exhibit C: Affidavit of Notice, Darin C. Savage
 23374 Exhibit C-1: Notice Letter
 Exhibit C-2: Mailing List
 Exhibit C-3: Affidavit of Publication

TAB 1 **Reference for Case No. 23375**
Application Case No. 23375: DeLorean 9-10 Fed 1BS Com 4H Well
DeLorean 9-10 Fed 2BS Com 88H Well
NMOCD Checklist Case No. 23375

TAB 2 Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
 23375 Exhibit A-1: C-102 Forms
 Exhibit A-2: Ownership and Sectional Map
 Exhibit A-3: Well Proposal Letters and AFEs
 Exhibit A-4: Chronology of Contacts with Uncommitted Owners

- TAB 3
23375
- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
 - Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
 - Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
 - Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
 - Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
 - Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
 - Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
 - Exhibit B-7: Gun Barrel View
- TAB 4
23375
- Exhibit C: Affidavit of Notice, Darin C. Savage
 - Exhibit C-1: Notice Letters
 - Exhibit C-2: Mailing List
 - Exhibit C-3: Affidavit of Publication

TAB 1

Reference for Case No. 23372

Application Case No. 23372:

DeLorean 9-10 Fed 1BS Com 1H Well

DeLorean 9-10 Fed 2BS Com 5H Well

NMOCD Checklist Case No. 23372

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23372

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 1H Well**, and the **DeLorean 9-10 Fed 2BS Com 5H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 1H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 5H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **DeLorean 9-10 Fed 1BS Com 1H Well** and the **DeLorean 9-10 Fed 2BS Com 5H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
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Santa Fe, New Mexico 87501
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Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **DeLorean 9-10 Fed 1BS Com 1H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 5H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23372	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Abadie & Schill
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	DeLorean
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 6&7; 1H Well: TVD apprx. 8968'; 5H Well: TVD apprx. 9953'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320.0
Building Blocks:	quarter-quarter sections
Orientation:	West to East
Description: TRS/County	N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Well #1	DeLorean 9-10 Fed 1BS Com 1H (API pending) SHL: Unit D: 1,278' FNL & 343' FWL of Section 9, 19S-R33E BHL: Unit A: 660' FNL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location

Horizontal Well First and Last Take Points	<u>DeLorean 9-10 Fed 1BS Com 1H</u> FTP: 100' FWL, 660' FNL, Section 9, 19S-R33E LTP: 100' FEL, 660' FNL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: apprx. 8968'; TMD: apprx. 19,500'; Exhibit A
Well #2	<u>DeLorean 9-10 Fed 2BS Com 5H (API Pending)</u> SHL: Unit D: 1,306' FNL & 354' FWL of Section 9, 19S-R33E BHL: Unit A: 660' FNL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location
Horizontal Well First and Last Take Points	<u>DeLorean 9-10 Fed 2BS Com 5H</u> FTP: 100' FWL, 660' FNL, Section 9, 19S-R33E LTP: 100' FEL, 660' FNL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; TVD: apprx. 9953'; TMD: apprx. 20,500'; Exhibit A
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 13 (None)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3

Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits A, B, B-3, B-4
HSU Cross Section	Exhibit B-7
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	02.28.2023

TAB 2

Case No. 23372

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23372

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am employed as a Landman with Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the lands involved.

3. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

4. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation Mescalero Escarpe; Bone Spring [45793], underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.



5. Under Case No. 23372, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 1H Well**, and the **DeLorean 9-10 Fed 2BS Com 5H Well**, as initial wells.

6. The **DeLorean 9-10 Fed 1BS Com 1H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWNW (Unit D) of Section 9 to a bottom hole location in the NENE (Unit A) of Section 10; approximate TVD of 8,968'; approximate TMD of 19,500'; FTP in Section 9: 660' FNL, 100' FWL; LTP in Section 10: 660' FNL, 150' FEL.

7. The **DeLorean 9-10 Fed 2BS Com 5H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWNW (Unit D) of Section 9 to a bottom hole location in the NENE (Unit A) of Section 10; approximate TVD of 9,953'; approximate TMD of 20,500'; FTP in Section 9: 660' FNL, 100' FWL; LTP in Section 10: 660' FNL, 150' FEL.

8. The proposed C-102 for each well is attached as **Exhibit A-1**.

9. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

11. There are no depth severances in the Bone Spring formation in this acreage.

12. A good faith review of records did not reveal any overlapping units.

13. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

14. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

15. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

16. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

17. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

18. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

19. Earthstone requests that it be designated operator of the units and wells.

20. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

21. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

22. The foregoing is correct and complete to the best of my knowledge and belief.

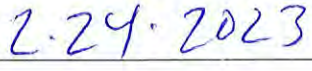
[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23372 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 1BS			⁶ Well Number 1H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,691.5'

¹⁰ Surface Location

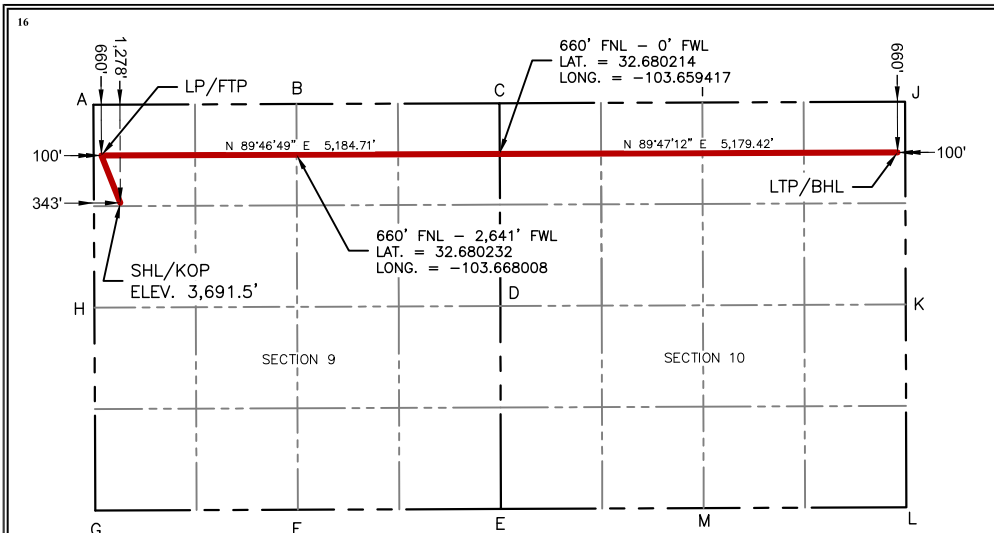
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	9	19 S	33 E		1,278'	NORTH	343'	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	19 S	33 E		660'	NORTH	100'	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	Date
Email Address	Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22



MARK J. MURRAY P.L.S. NO. 12177

SURFACE HOLE LOCATION / KICK OFF POINT	LANDING POINT / FIRST TAKE POINT	LAST TAKE POINT / BOTTOM HOLE LOCATION
1,278' FNL & 343' FWL NEW MEXICO EAST-NAD 83 NORTH:611,214.02' EAST:743,749.92' LAT:32.678547 LONG:-103.675480	660' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:611,831.58' EAST:743,503.75' LAT:32.680249 LONG:-103.676268	660' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:611,870.74' EAST:753,867.81' LAT:32.680175 LONG:-103.642584
NEW MEXICO EAST-NAD 27 NORTH:611,150.63' EAST:702,570.41' LAT:32.678425 LONG:-103.674982	NEW MEXICO EAST-NAD 27 NORTH:611,768.17' EAST:702,324.26' LAT:32.680127 LONG:-103.675769	NEW MEXICO EAST-NAD 27 NORTH:611,807.22' EAST:712,688.22' LAT:32.680053 LONG:-103.642087

CORNER COORDINATES	NEW MEXICO EAST - NAD 83
A-FOUND 2" IRON PIPE W/ CAP	G-FOUND 2" IRON PIPE W/ CAP
N:612,491.19' E:743,400.68'	N:607,209.72' E:743,425.26'
B-CALCULATED CORNER	H-CALCULATED CORNER
N:612,501.32' E:746,042.97'	N:609,850.46' E:743,412.97'
C-FOUND 2" IRON PIPE W/ CAP	I-FOUND 1" IRON PIPE W/ CAP
N:612,511.46' E:748,685.26'	N:612,521.06' E:751,326.47'
D-FOUND 1" IRON ROD W/ CAP	J-FOUND 2" IRON PIPE W/ CAP
N:609,870.80' E:748,697.92'	N:612,531.12' E:753,965.58'
E-FOUND 5/8" IRON ROD W/ CAP	K-CALCULATED CORNER
N:607,228.58' E:748,703.69'	N:609,890.99' E:753,974.49'
F-FOUND 1" IRON ROD W/ CAP	L-FOUND 2" IRON PIPE
N:607,218.69' E:746,061.00'	N:607,250.85' E:753,983.40'
	M-FOUND 1" IRON PIPE W/ CAP
	N:607,240.14' E:751,344.38'

EXHIBIT
A-1

Intent As Drilled

API #		
Operator Name: EARTHSTONE OPERATING, LLC	Property Name: DELOREAN 9-10 FED COM 1BS	Well Number 1H

Kick Off Point (KOP)

UL D	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	9	19S	33E		1,278	NORTH	343	WEST	LEA
Latitude					Longitude				NAD
32.678547					103.675480				83

First Take Point (FTP)

UL D	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	9	19S	33E		660	NORTH	100	WEST	LEA
Latitude					Longitude				NAD
32.680249					103.676268				83

Last Take Point (LTP)

UL A	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	10	19S	33E		660	NORTH	100	EAST	LEA
Latitude					Longitude				NAD
32.680175					103.642584				83

Is this well the defining well for the Horizontal Spacing Unit?

Is this well an infill well?

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 2BS			⁶ Well Number 5H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,691.3'

¹⁰ Surface Location

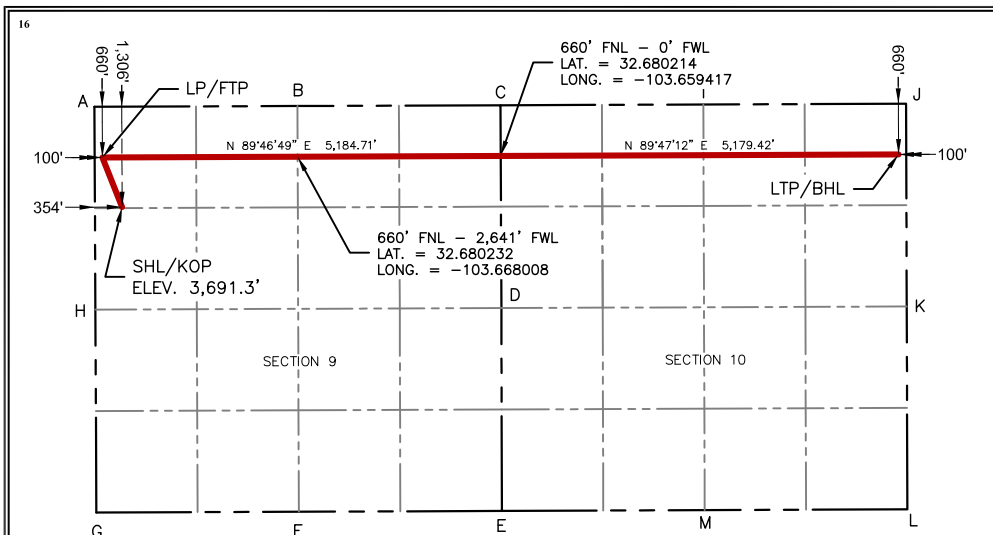
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	9	19 S	33 E		1,306'	NORTH	354'	WEST	LEA

¹⁰ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	19 S	33 E		660'	NORTH	100'	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	Date
Email Address	Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22



MARK J. MURRAY P.L.S. NO. 12177

SURFACE HOLE LOCATION / KICK OFF POINT	LANDING POINT / FIRST TAKE POINT	LAST TAKE POINT / BOTTOM HOLE LOCATION
1,306' FNL & 354' FWL NEW MEXICO EAST-NAD 83 NORTH:611,186.14' EAST:743,761.00' LAT:32.678470 LONG:-103.675445	660' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:611,831.58' EAST:743,503.75' LAT:32.680249 LONG:-103.676268	660' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:611,870.74' EAST:753,867.81' LAT:32.680175 LONG:-103.642584
NEW MEXICO EAST-NAD 27 NORTH:611,122.75' EAST:702,581.49' LAT:32.678349 LONG:-103.674946	NEW MEXICO EAST-NAD 27 NORTH:611,768.17' EAST:702,324.26' LAT:32.680127 LONG:-103.675769	NEW MEXICO EAST-NAD 27 NORTH:611,807.22' EAST:712,688.22' LAT:32.680053 LONG:-103.642087

CORNER COORDINATES	G-FOUND 2" IRON PIPE W/ CAP
NEW MEXICO EAST - NAD 83	N:607,209.72' E:743,425.26'
A-FOUND 2" IRON PIPE W/ CAP	H-CALCULATED CORNER
N:612,491.19' E:743,400.68'	N:609,850.46' E:743,412.97'
B-CALCULATED CORNER	I-FOUND 1" IRON PIPE W/ CAP
N:612,501.32' E:746,042.97'	N:612,521.06' E:751,326.47'
C-FOUND 2" IRON PIPE W/ CAP	J-FOUND 2" IRON PIPE W/ CAP
N:612,511.46' E:748,685.26'	N:612,531.12' E:753,965.58'
D-FOUND 1" IRON ROD W/ CAP	K-CALCULATED CORNER
N:609,870.80' E:748,697.92'	N:609,890.99' E:753,974.49'
E-FOUND 5/8" IRON ROD W/ CAP	L-FOUND 2" IRON PIPE
N:607,228.58' E:748,703.69'	N:607,250.85' E:753,983.40'
F-FOUND 1" IRON ROD W/ CAP	M-FOUND 1" IRON PIPE W/ CAP
N:607,218.69' E:746,061.00'	N:607,240.14' E:751,344.38'

Intent As Drilled

API #		
Operator Name: EARTHSTONE OPERATING, LLC	Property Name: DELOREAN 9-10 FED COM 2BS	Well Number 5H

Kick Off Point (KOP)

UL D	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	9	19S	33E		1,306	NORTH	354	WEST	LEA
Latitude					Longitude				NAD
32.678470					103.675445				83

First Take Point (FTP)

UL D	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	9	19S	33E		660	NORTH	100	WEST	LEA
Latitude					Longitude				NAD
32.680249					103.676268				83

Last Take Point (LTP)

UL A	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	10	19S	33E		660	NORTH	100	EAST	LEA
Latitude					Longitude				NAD
32.680175					103.642584				83

Is this well the defining well for the Horizontal Spacing Unit?

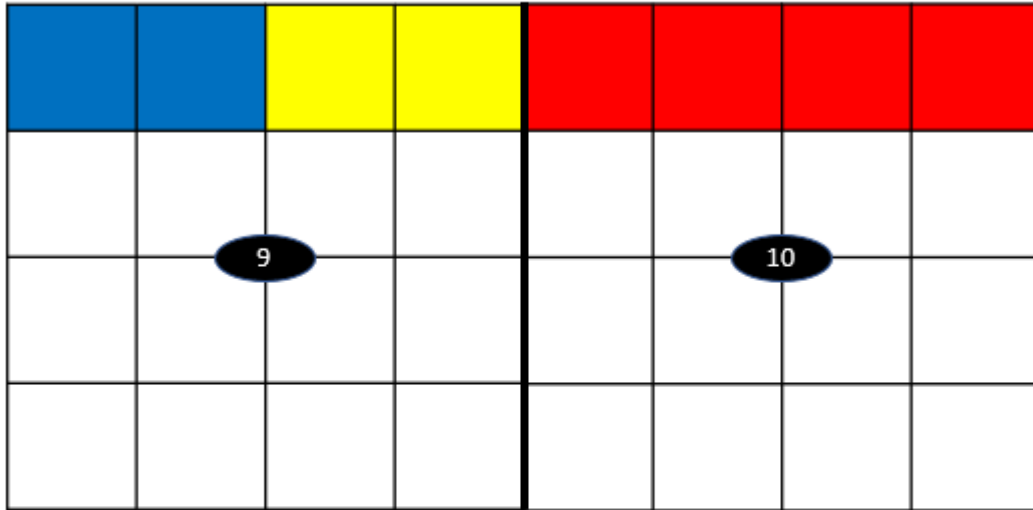
Is this well an infill well?

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

DeLorean 9-10 Fed 1BS Com 1H
DeLorean 9-10 Fed 2BS Com 5H
 N2N2 of Sections 9 and 10, Township 19 South, Range 33 East
 Lea County, New Mexico



- Tract 1 LC-060549
- Tract 2 NM-101114
- Tract 3 LC-060549

TRACT 1 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-101114)

NHPP Permian, LLC	100.000000%
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EXHIBIT
A-2

TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	37.500000%
NHPP Permian, LLC	25.000000%
ConocoPhillips Company	<u>37.500000%</u>
	100.000000%

WI Parties To Force Pool

NHPP Permian, LLC



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

November 11, 2022

VIA FED-X

NHPP Permian, LLC
55 Waugh Drive, Suite 1200
Houston, TX 77007

Re: DeLorean 9-10 Fed Com Wells (1H, 2H, 5H, 6H)
N2N2 and S2N2 of Sections 9 and 10
Township 19 South, Range 33 East
Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 1H:** to be drilled from a proposed surface hole location of 1225' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- **DeLorean 9-10 Fed 1BS Com 2H:** to be drilled from a proposed surface hole location of 1315' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,998'.
- **DeLorean 9-10 Fed 2BS Com 5H:** to be drilled from a proposed surface hole location of 1255' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- **DeLorean 9-10 Fed 2BS Com 6H:** to be drilled from a proposed surface hole location of 1285' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.

**EXHIBIT
A-3**

Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2N2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2N2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstonenergy.com

NHPP Permian, LLC hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 1H**.
_____ Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 1H**, subject to acceptable terms.


_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 2H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 2H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 5H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 5H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 6H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 6H**, subject to acceptable terms.

NHPP Permian, LLC

By: _____
Name: _____
Title: _____
Date: _____

 EARTHSTONE Operating, LLC	<h2 style="margin: 0;">Earthstone Operating, LLC</h2> <h3 style="margin: 0;">Statement of Estimated Well Cost</h3>
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Well Name: DeLorean 9-10 Fed Com 1BS 1H	Project Description: 4 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.
Field Name: Ranger	
Location: Lea Co., NM	
AFE #: 22 - XX - XXXX	

DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 85,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 52,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL			COMPLETION INTANGIBLE TOTAL		
\$ 2,604,000			\$ 5,167,548		

DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL			COMPLETION TANGIBLE TOTAL		
\$ 1,114,000			\$ 655,300		


FACILITIES INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500
1450/ 90	FUEL, POWER & WATER	\$ 1,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
1450/195	CONTRACT LABOR	\$ 70,000
1450/260	SUPERVISION/ENGINEERING	\$ 25,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
1450/290	FACILITES MISCELLANEOUS	\$ 10,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700

FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1452/315	METER EQUIPMENT	\$ 15,000
1452/340	SEPARATORS	\$ 115,000
1452/345	HEATER TREATER	\$ 45,000
1452/355	GATHERING LINE	\$ 175,000
1452/360	STOCK TANKS	\$ 110,000
1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 680,000

DRILLING TANGIBLE TOTAL	\$ 1,114,000	FACILITIES TOTAL	\$ 865,700
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TOTAL DRILLING COSTS	\$ 3,718,000	TOTAL COMPLETION/FACILITIES COSTS	\$ 6,688,548
TOTAL ESTIMATED WELL COST		\$ 10,406,548	

Operator Approval		Participant Approval	
Prepared By:	Date:	Company:	Participant WI %:
Approved By:	Date:	Approved By:	Date:

			Earthstone Operating, LLC Statement of Estimated Well Cost		
Well Name: DeLorean 9-10 Fed Com 2BS 5H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 120,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 53,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
			COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING INTANGIBLE TOTAL			COMPLETION TANGIBLE		
		\$ 2,700,000	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
			1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
			1433/320	FLOWLINE	\$ 9,000
			1433/370	TUBING	\$ 146,300
			1433/380	PUMPING UNIT	\$ -
			1433/400	WELLHEAD EQUIPMENT	\$ 50,000
			1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
			1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
			COMPLETION TANGIBLE TOTAL		\$ 655,300
DRILLING TANGIBLE			FACILITIES INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1450/ 20	LOCATION AND ROADS	\$ 13,500
1430/320	SURFACE CASING	\$ 130,000	1450/ 90	FUEL, POWER & WATER	\$ 1,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200
1430/340	DRILLING LINERS	\$ -	1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000
1430/350	PRODUCTION CASING	\$ 536,000	1450/195	CONTRACT LABOR	\$ 70,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1450/260	SUPERVISION/ENGINEERING	\$ 25,000
1430/405	DOWNHOLE TOOLS	\$ -	1450/270	ADMINISTRATIVE/OVERHEAD	\$ -
			1450/290	FACILITES MISCELLANEOUS	\$ 10,000
			FACILITIES INTANGIBLE TOTAL		\$ 185,700
DRILLING TANGIBLE TOTAL			FACILITIES TANGIBLE		
		\$ 1,114,000	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
			1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
			1452/315	METER EQUIPMENT	\$ 15,000
			1452/340	SEPARATORS	\$ 115,000
			1452/345	HEATER TREATER	\$ 45,000
			1452/355	GATHERING LINE	\$ -
			1452/360	STOCK TANKS	\$ 110,000
			1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
			1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
			1452/390	FACILITES	\$ 45,000
			FACILITIES TANGIBLE TOTAL		\$ 505,000
			FACILITIES TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,814,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,513,548
			TOTAL ESTIMATED WELL COST		\$ 10,327,548
Operator Approval			Participant Approval		
Prepared By:		Date:	Company:		Participant WI %:
Approved By:		Date:	Approved By:		Date:

Case 23372

Company	Contact	Date
NHPP Permian, LLC	Mail	11/11/22
	Email	11/30/22 12p
		11/30/22 3p
		12/12/22 3p
		12/12/22 4p
Phone	2/22/23	

EXHIBIT
A-4

TAB 3

Case No. 23372

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23372

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

**EXHIBIT
B**

6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 1H, and the DeLorean 9-10 Fed 2BS Com 5H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23373, 23374 and 23375.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

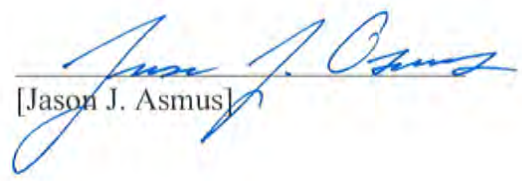
11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23372 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


[Jason J. Asmus]



Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

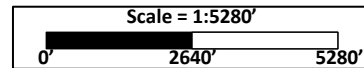
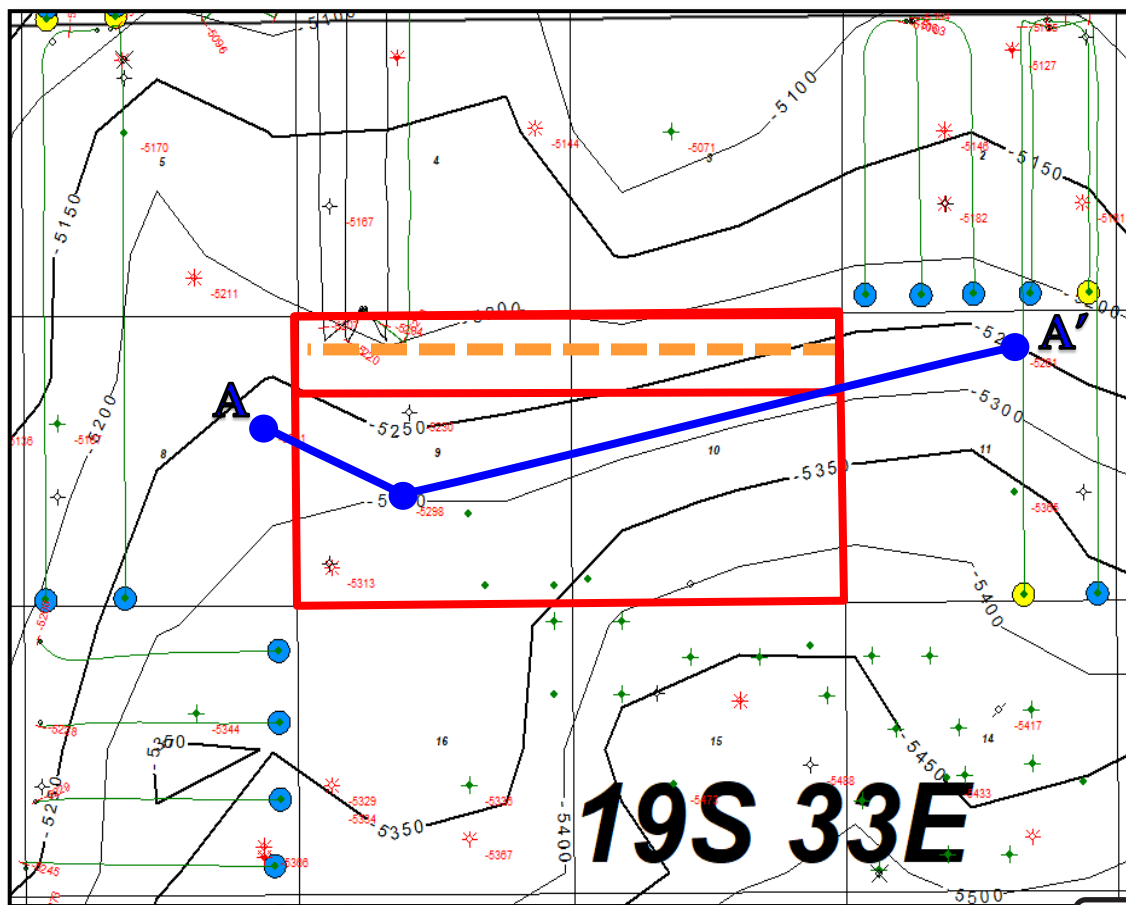
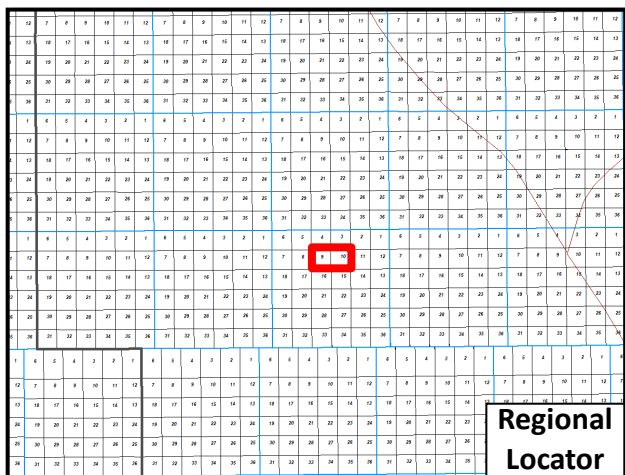


Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

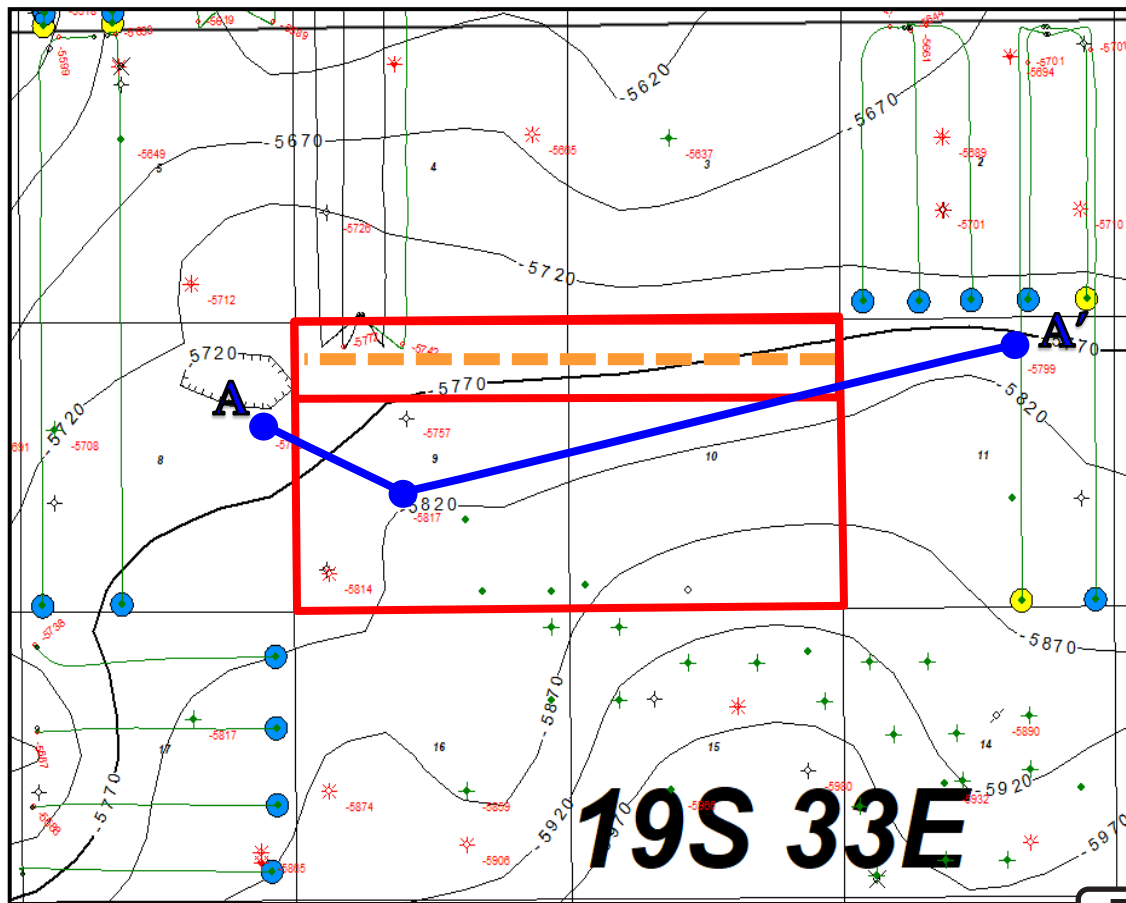
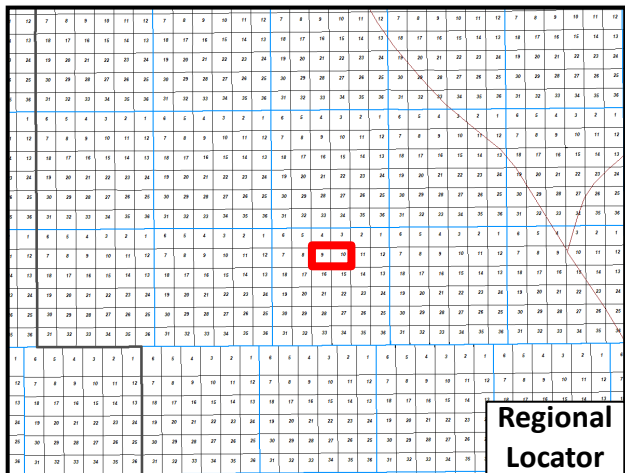


EXHIBIT B-2

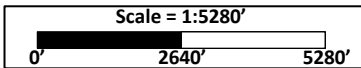
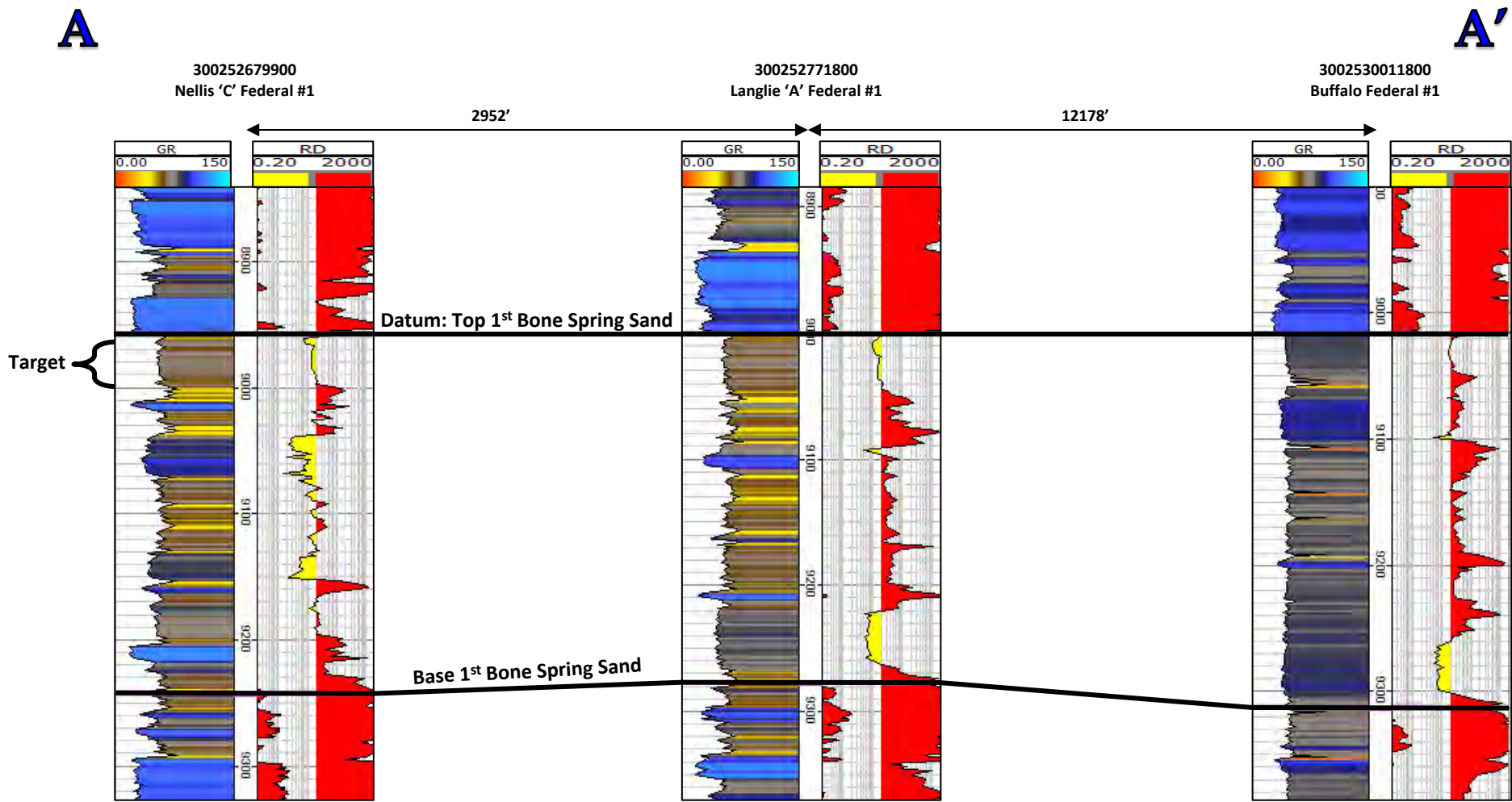


Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum



**EXHIBIT
B-3**

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

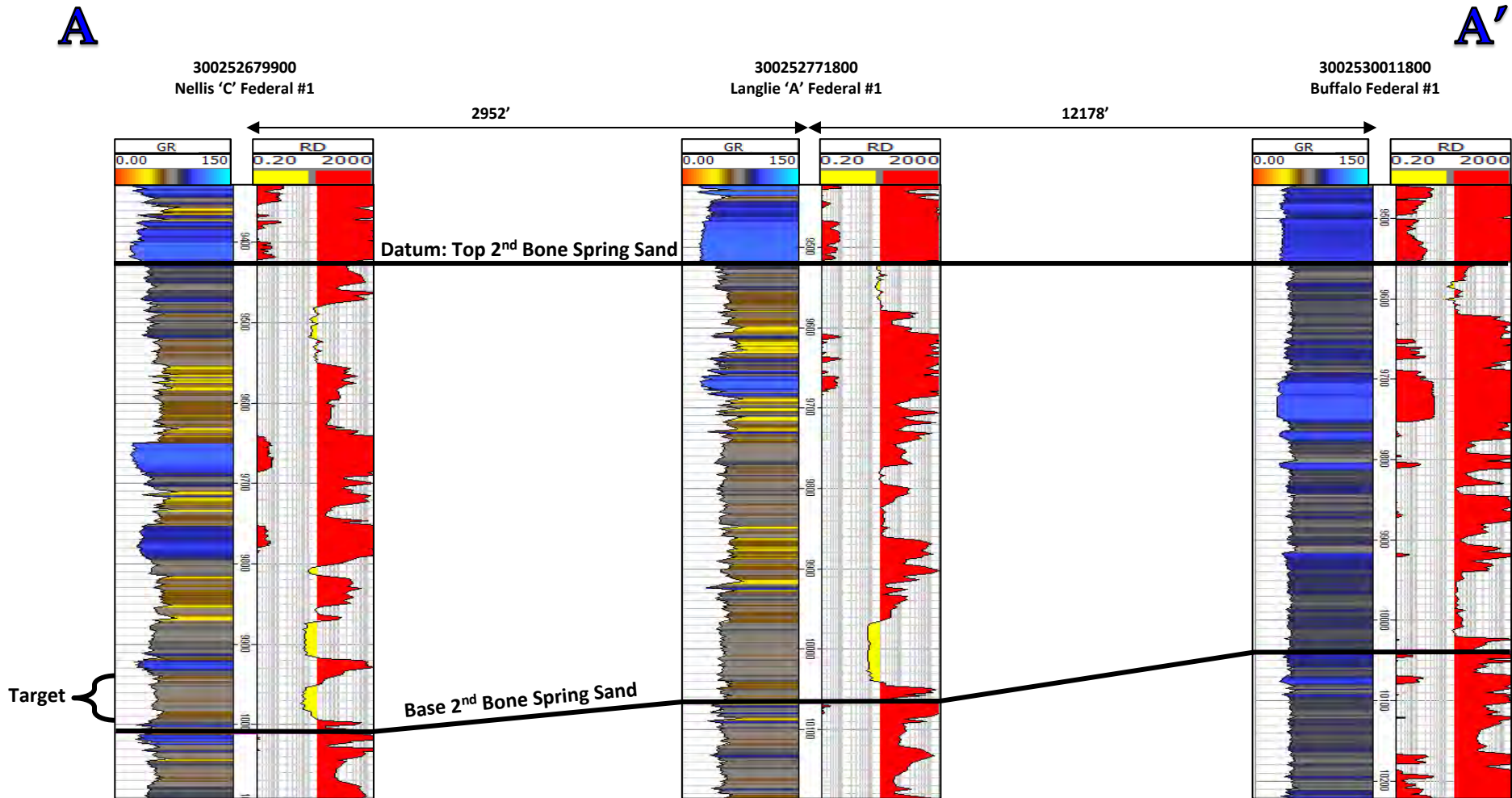


EXHIBIT
B-4

Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

-  - 1st Bone Spring Sand
-  - 2nd Bone Spring Sand

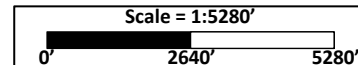
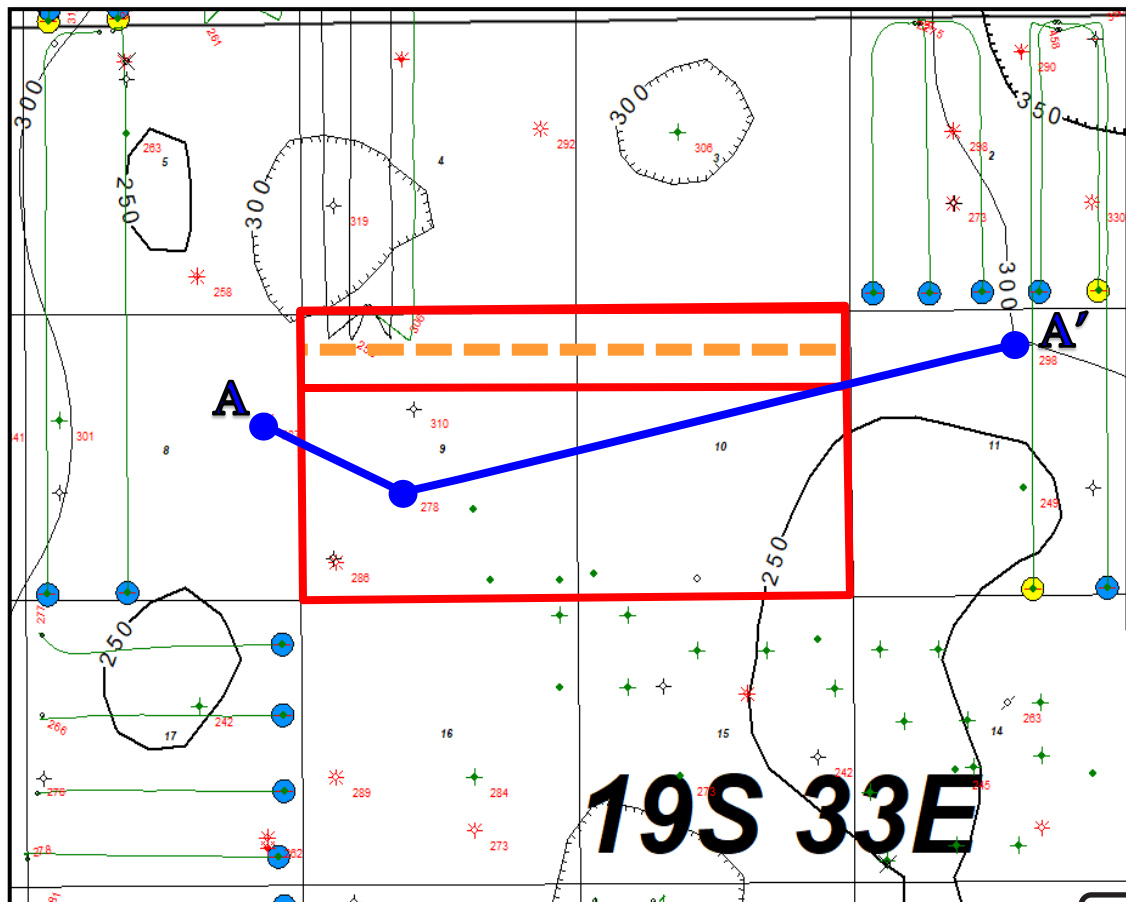
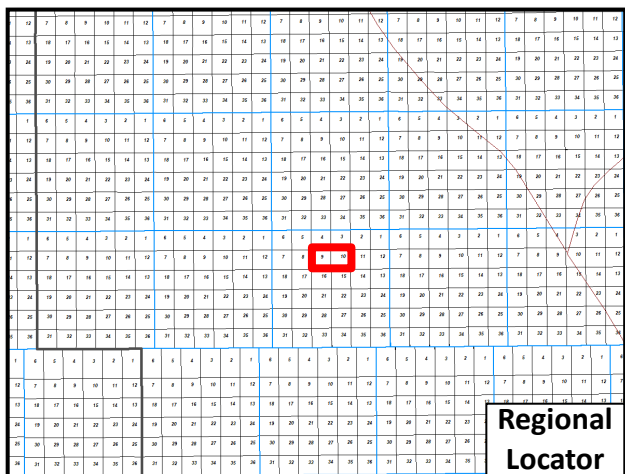


Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

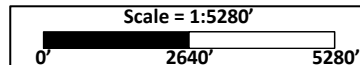
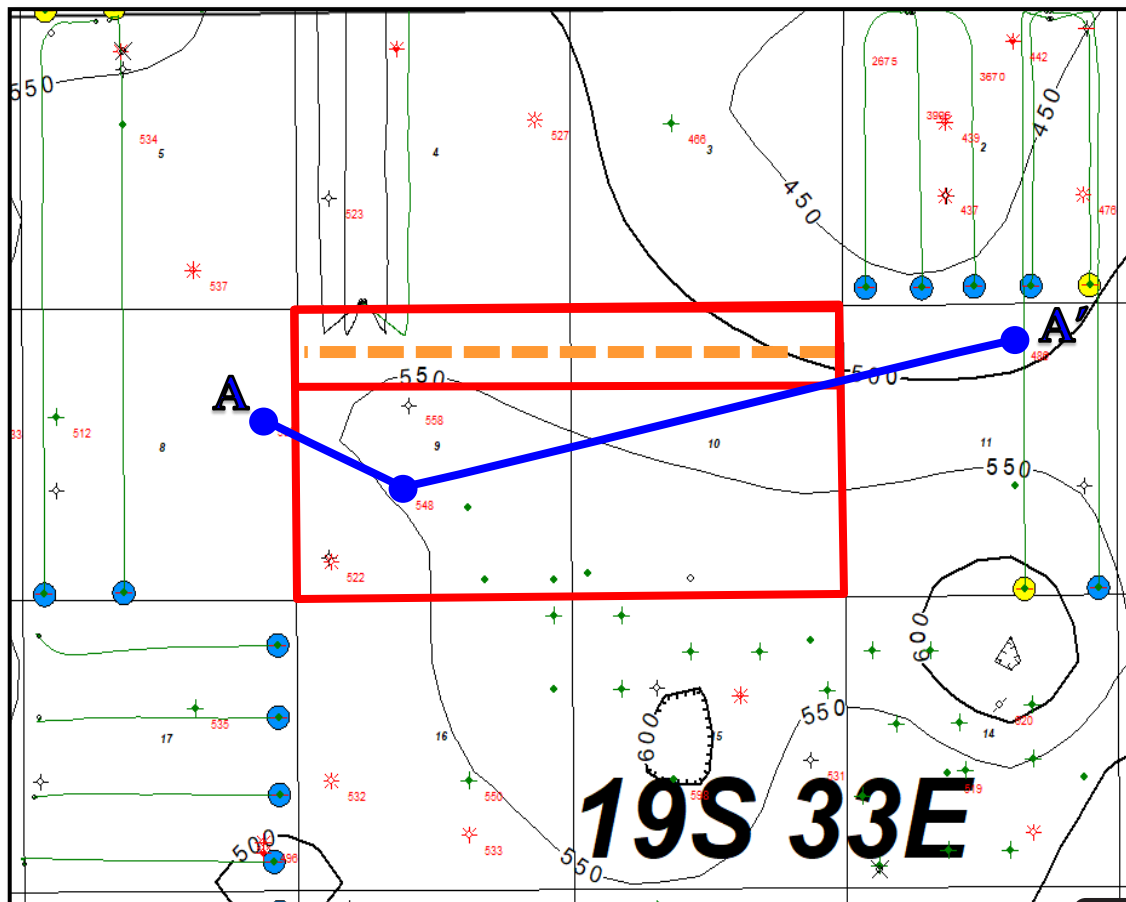
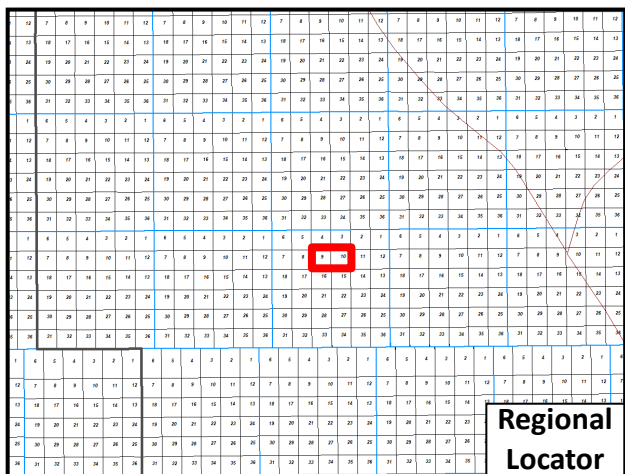
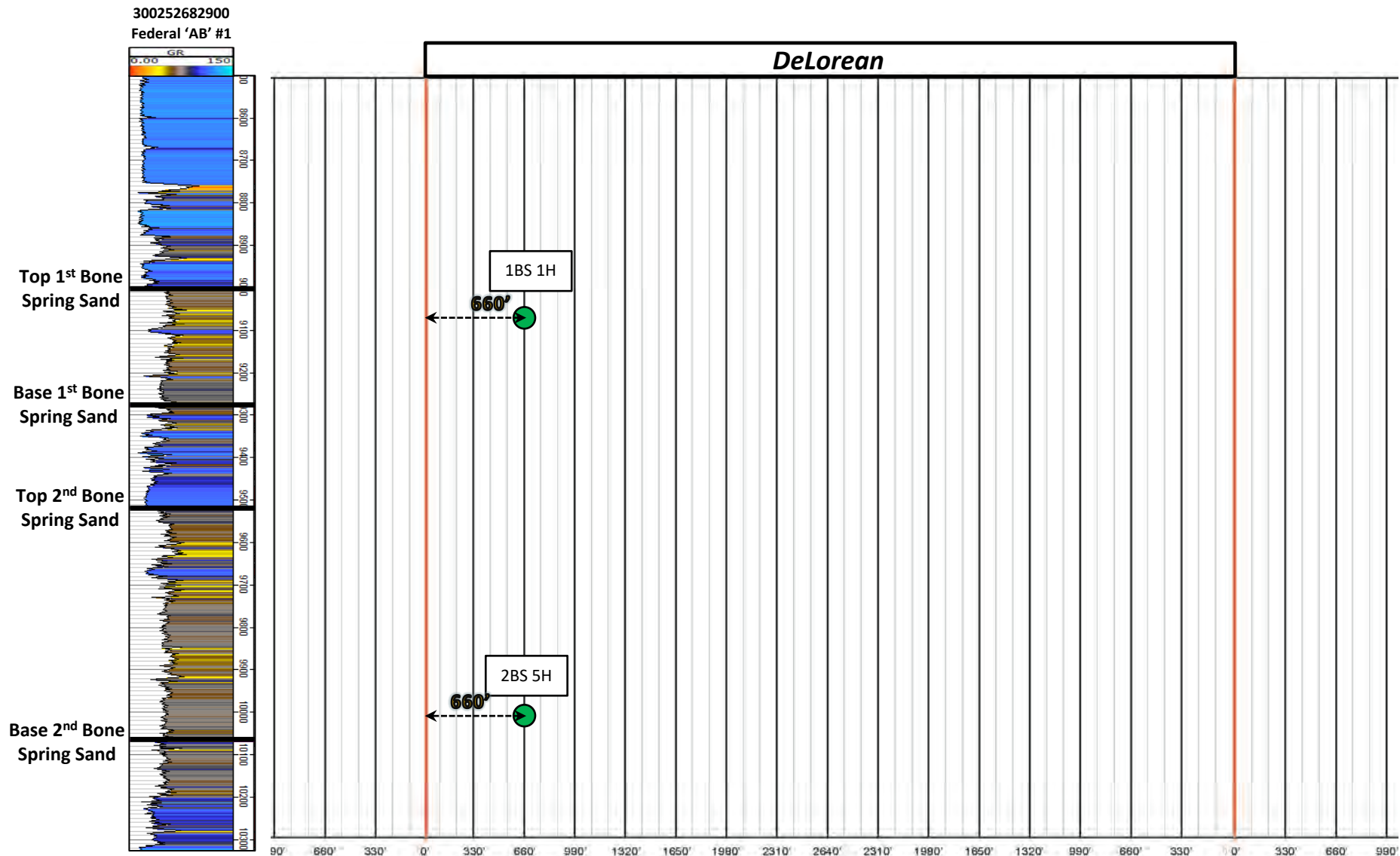


EXHIBIT B-6

Exhibit B-7 Gun Barrel



**EXHIBIT
B-7**

TAB 4

Case No. 23372

Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23372, 23373, 23374, and 23375

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Earthstone Operating, LLC (“Earthstone”), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the applications and hearing in the above-reference cases was timely sent by certified mail, return receipt requested, through the United States Postal Service on February 9, 2023, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.


2. Notice was sent to the Hobbs Daily News-Sun, a newspaper of general circulation in Lea County, New Mexico, and timely published in said newspaper on February 10, 2023. See Exhibit C-3.

3. It is my understanding that Earthstone has made a reasonably diligent effort to find the names and addresses for the interest owners entitled to receive notice of the application and case herein.

 Darin C. Savage

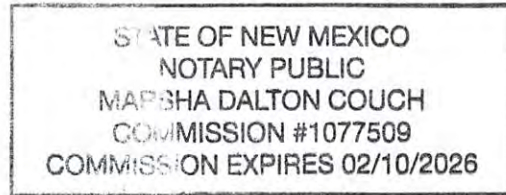
**EXHIBIT
C**

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.


Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 8, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
DeLorean 9-10 Fed 1BS Com 1H Well (Case No. 23372)
DeLorean 9-10 Fed 2BS Com 5H Well (Case No. 23372)

Case Nos. 23372:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23372, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23372, Earthstone seeks to pool the Bone Spring formation underlying the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 1H and 5H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

**EXHIBIT
C-1**

You are being notified as an interest owner (subject to title examination) and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:07:59 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	User ID	Mailing Status	Service Options
9314869904300104303391	4221.2	2/9/23	ConocoPhillips Company		600 W. Illinois Avenue		Midland	TX	79701	21902	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104303407	4221.2	2/9/23	NHPP Permian, LLC		55 Waugh Drive, Suite 1200		Houston	TX	77007	21902	Delivered	Return Receipt - Electronic, Certified Mail

EXHIBIT
C-2



February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3034 07**.

Item Details

Status: Delivered, Front Desk/Reception/Mail Room
Status Date / Time: February 14, 2023, 04:34 p.m.
Location: HOUSTON, TX 77007
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: NHPP Permian LLC



Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 55 WAUGH DR STE 1200
City, State ZIP Code: HOUSTON, TX 77007-5837

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2



February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3033 91**.

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 14, 2023, 07:54 a.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: ConocoPhillips Company

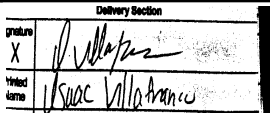
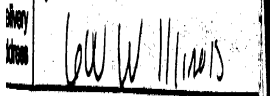
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
February 10, 2023
and ending with the issue dated
February 10, 2023.



Publisher

Sworn and subscribed to before me this
10th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal) **STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087528
COMMISSION EXPIRES 01/29/2027**

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
February 10, 2023

CASE No. 23372: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY, and NHPP PERMIAN, LLC, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. Earthstone Operating, LLC, at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the DeLorean 9-10 Fed 1BS Com 1H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10; and the DeLorean 9-10 Fed 2BS Com 5H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.
#00275660

67115820

00275660

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301

**EXHIBIT
C-3**

TAB 1

Reference for Case No. 23373

Application Case No. 23373:

DeLorean 9-10 Fed 1BS Com 3H Well

DeLorean 9-10 Fed 2BS Com 7H Well

NMOCD Checklist Case No. 23373

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23373

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 3H Well**, and the **DeLorean 9-10 Fed 2BS Com 7H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 3H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 7H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **DeLorean 9-10 Fed 1BS Com 3H Well** and the **DeLorean 9-10 Fed 2BS Com 7H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **DeLorean 9-10 Fed 1BS Com 3H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 7H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23373	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	MRC Permian Company
Well Family	DeLorean
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 6&7; 3H Well: TVD apprx. 9018'; 7H Well: TVD apprx. 9983';
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320.0
Building Blocks:	quarter-quarter sections
Orientation:	West to East
Description: TRS/County	N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Well #1	DeLorean 9-10 Fed 1BS Com 3H (API Pending) SHL: Unit E: 2,640' FNL & 425' FWL of Section 9, 19S-R33E BHL: Unit I: 1980' FSL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 1BS Com 3H FTP: 100' FWL, 1980' FSL, Section 9, 19S-R33E LTP: 100' FEL, 1980' FSL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: apprx. 9018'; TMD: apprx. 19,500'

Well #2	DeLorean 9-10 Fed 2BS Com 7H (API Pending) SHL: 2,611' FSL & 425' FWL of Section 9, 19S-R33E BHL: 1980' FSL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 2BS Com 7H FTP: 100' FWL, 1980' FSL, Section 9, 19S-R33E LTP: 100' FEL, 1980' FSL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: approx. 9983'; TMD: approx. 20,500'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 13 (None)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits A, B, B-3, B-4
HSU Cross Section	Exhibit B-7
Depth Severance Discussion	N/A

Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	02.28.2023

TAB 2

Case No. 23373

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23373

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. I am employed as a Landman with Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the lands involved.

3. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

4. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation Mescalero Escarpe; Bone Spring [45793], underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.



5. Under Case No. 23373, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 3H Well**, and the **DeLorean 9-10 Fed 2BS Com 7H Well**, as initial wells.

6. The **DeLorean 9-10 Fed 1BS Com 3H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWSW (Unit L) of Section 9 to a bottom hole location in the NESE (Unit I) of Section 10; approximate TVD of 9,018'; approximate TMD of 19,500'; FTP in Section 9: 1,980' FSL, 100' FWL; LTP in Section 10: 1,980' FSL, 150' FEL.

7. The **DeLorean 9-10 Fed 2BS Com 7H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in NWSW (Unit L) of Section 9 to a bottom hole location in the NESE (Unit I) of Section 10; approximate TVD of 9,983'; approximate TMD of 20' 500'; FTP in Section 9: 1,980' FSL, 100' FWL; L TP in Section 10: 1,980' FSL, 150' FEL.

8. The proposed C-102 for each well is attached as **Exhibit A-1**.

9. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

11. There are no depth severances in the Bone Spring formation in this acreage.

12. A good faith review of records did not reveal any overlapping units.

13. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are

located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

14. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

15. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

16. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

17. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico.

Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

18. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

19. Earthstone requests that it be designated operator of the units and wells.

20. The Exhibits to this Self-Affirmed Statment were prepared by me or compiled from Earthstone's company business records under my direct supervision.

21. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

22. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23373 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 1BS			⁶ Well Number 3H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,678.4'

¹⁰ Surface Location

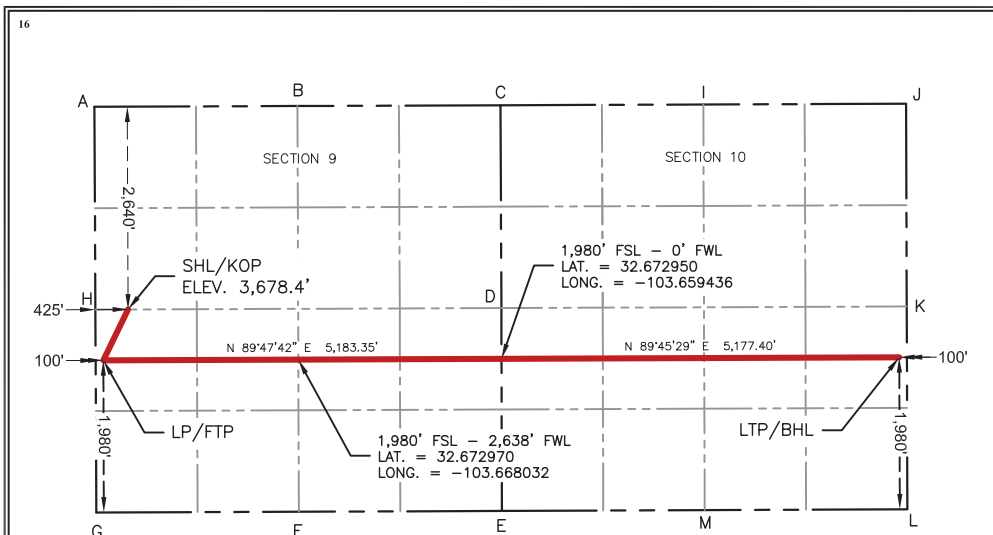
UL or lot no. E	Section 9	Township 19 S	Range 33 E	Lot Idn	Feet from the 2,640'	North/South line NORTH	Feet from the 425'	East/West line WEST	County LEA
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¹⁰ Bottom Hole Location If Different From Surface

UL or lot no. I	Section 10	Township 19 S	Range 33 E	Lot Idn	Feet from the 1,980'	North/South line SOUTH	Feet from the 100'	East/West line EAST	County LEA
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	Date
Email Address	Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22



MARK J. MURRAY P.L.S. NO. 12177

SURFACE HOLE LOCATION / KICK OFF POINT	LANDING POINT / FIRST TAKE POINT	LAST TAKE POINT / BOTTOM HOLE LOCATION
2,640' FNL & 425' FWL NEW MEXICO EAST-NAD 83 NORTH:609,852.45' EAST:743,838.01' LAT:32.674803 LONG:-103.675221	1,980' FSL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:609,190.04' EAST:743,516.04' LAT:32.672988 LONG:-103.676281	1,980' FSL & 100' FSL NEW MEXICO EAST-NAD 83 NORTH:609,230.43' EAST:753,876.72' LAT:32.672918 LONG:-103.642611
NEW MEXICO EAST-NAD 27 NORTH:609,789.09' EAST:702,658.46' LAT:32.674682 LONG:-103.674723	NEW MEXICO EAST-NAD 27 NORTH:609,126.71' EAST:702,336.48' LAT:32.672866 LONG:-103.675783	NEW MEXICO EAST-NAD 27 NORTH:609,166.99' EAST:712,697.05' LAT:32.672796 LONG:-103.642114

CORNER COORDINATES NEW MEXICO EAST - NAD 83	G-FOUND 2" IRON PIPE W/ CAP
A-FOUND 2" IRON PIPE W/ CAP N:612,491.19' E:743,400.68'	N:607,209.72' E:743,425.26'
B-CALCULATED CORNER N:612,501.32' E:746,042.97'	H-CALCULATED CORNER N:609,850.46' E:743,412.97'
C-FOUND 2" IRON PIPE W/ CAP N:612,511.46' E:748,685.26'	I-FOUND 1" IRON PIPE W/ CAP N:612,521.06' E:751,326.47'
D-FOUND 1" IRON ROD W/ CAP N:609,870.80' E:748,697.92'	J-FOUND 2" IRON PIPE W/ CAP N:612,531.12' E:753,965.58'
E-FOUND 5/8" IRON ROD W/ CAP N:607,228.58' E:748,703.69'	K-CALCULATED CORNER N:609,890.99' E:753,974.49'
F-FOUND 1" IRON ROD W/ CAP N:607,218.69' E:746,061.00'	L-FOUND 2" IRON PIPE N:607,250.85' E:753,983.40'
	M-FOUND 1" IRON PIPE W/ CAP N:607,240.14' E:751,344.38'

EXHIBIT
A-1

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 2BS			⁶ Well Number 7H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,678.0'

¹⁰ Surface Location

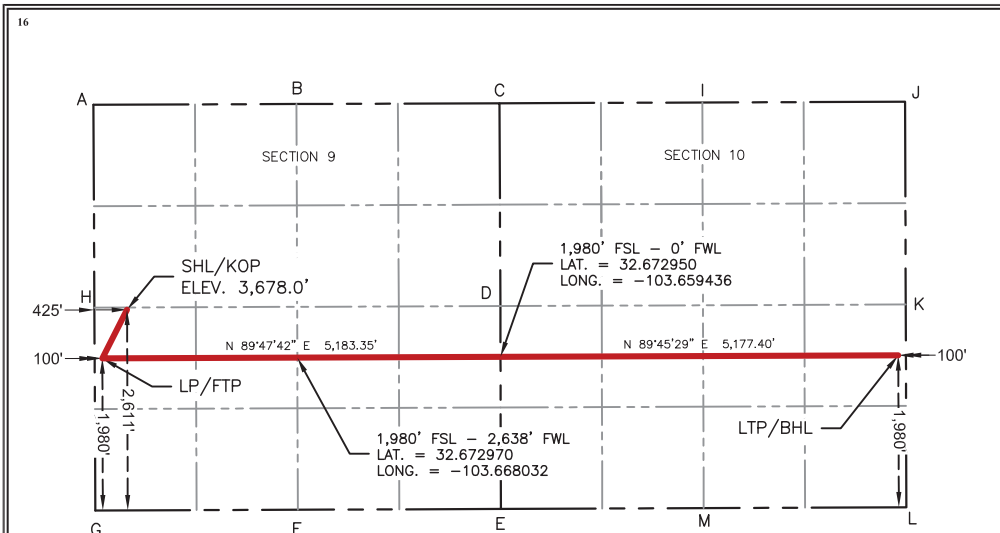
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	9	19 S	33 E		2,611'	SOUTH	425'	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	10	19 S	33 E		1,980'	SOUTH	100'	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	Date
Email Address	Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22

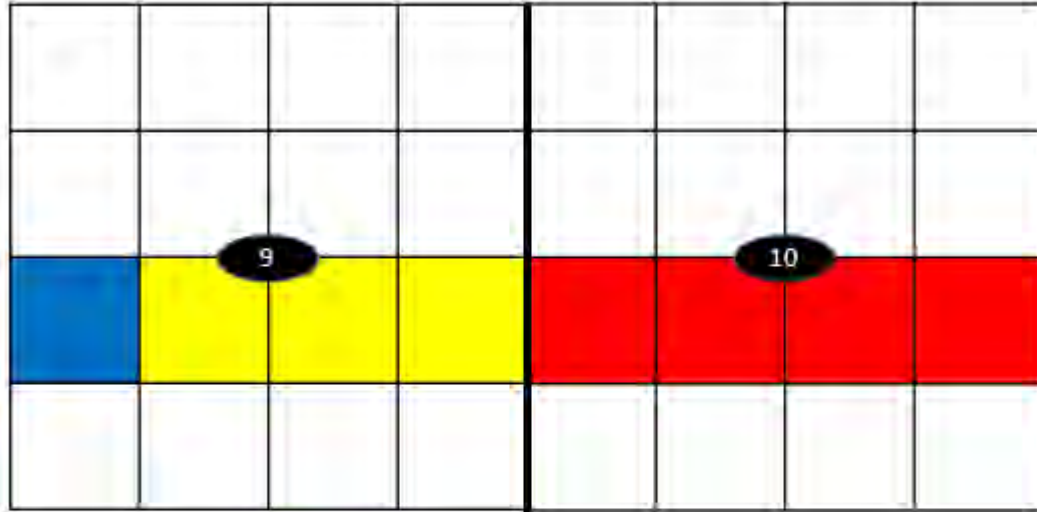


MARK J. MURRAY P.L.S. NO. 12177

SURFACE HOLE LOCATION / KICK OFF POINT	LANDING POINT / FIRST TAKE POINT	LAST TAKE POINT / BOTTOM HOLE LOCATION
2,611' FSL & 425' FWL	1,980' FSL & 100' FWL	1,980' FSL & 100' FWL
NEW MEXICO EAST-NAD 83	NEW MEXICO EAST-NAD 83	NEW MEXICO EAST-NAD 83
NORTH:609,822.42'	NORTH:609,190.04'	NORTH:609,230.43'
EAST:743,838.10'	EAST:743,516.04'	EAST:753,876.72'
LAT:32.674721	LAT:32.672988	LAT:32.672918
LONG:-103.675222	LONG:-103.676281	LONG:-103.642611
NEW MEXICO EAST-NAD 27	NEW MEXICO EAST-NAD 27	NEW MEXICO EAST-NAD 27
NORTH:609,759.06'	NORTH:609,126.71'	NORTH:609,166.99'
EAST:702,658.55'	EAST:702,336.48'	EAST:712,697.05'
LAT:32.674599	LAT:32.672866	LAT:32.672796
LONG:-103.674723	LONG:-103.675783	LONG:-103.642114

CORNER COORDINATES	G-FOUND 2" IRON PIPE W/ CAP
NEW MEXICO EAST - NAD 83	N:607,209.72' E:743,425.26'
A-FOUND 2" IRON PIPE W/ CAP	H-CALCULATED CORNER
N:612,491.19' E:743,400.68'	N:609,850.46' E:743,412.97'
B-CALCULATED CORNER	I-FOUND 1" IRON PIPE W/ CAP
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E-FOUND 5/8" IRON ROD W/ CAP	L-FOUND 2" IRON PIPE
N:607,228.58' E:748,703.69'	N:607,250.85' E:753,983.40'
F-FOUND 1" IRON ROD W/ CAP	M-FOUND 1" IRON PIPE W/ CAP
N:607,218.69' E:746,061.00'	N:607,240.14' E:751,344.38'

DeLorean 9-10 Fed 1BS Com 3H
DeLorean 9-10 Fed 2BS Com 7H
 N2S2 of Sections 9 and 10, Township 19 South, Range 33 East
 Lea County, New Mexico



- Tract 1 NM-101114
- Tract 2 NM-016357
- Tract 3 LC-060549

TRACT 1 OWNERSHIP (NM-101114)

Earthstone Permian LLC	99.958333%
Timothy R. McDonald	<u>0.041667%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-016357)

Earthstone Permian LLC	87.463541%
MRC Permian Company	12.500000%
Timothy R. McDonald	<u>0.036459%</u>
	100.000000%

**EXHIBIT
A-2**

TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	70.293620%
MRC Permian Company	4.687500%
Timothy R. McDonald	0.018880%
ConocoPhillips Company	<u>25.000000%</u>
	100.000000%

WI Parties To Force Pool

MRC Permian Company
Timothy R. McDonald



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

November 11, 2022

VIA FED-X

Timothy R. MacDonald
3003 Paleo Point
College Station, TX 77845

Re: DeLorean 9-10 Fed Com Wells (3H, 4H, 7H, 88H)
N2S2 and S2S2 of Sections 9 and 10
Township 19 South, Range 33 East
Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 3H:** to be drilled from a proposed surface hole location of 1160' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,018'.
- **DeLorean 9-10 Fed 1BS Com 4H:** to be drilled from a proposed surface hole location of 1070' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,043'.
- **DeLorean 9-10 Fed 2BS Com 7H:** to be drilled from a proposed surface hole location of 1130' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.
- **DeLorean 9-10 Fed 2BS Com 88H:** to be drilled from a proposed surface hole location of 1100' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.

EXHIBIT
A-3

Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2S2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2S2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstonenergy.com

Timothy R. MacDonald hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 3H**.
 _____ Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 3H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 4H**.
 _____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 4H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 7H**.
 _____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 7H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 88H**.
 _____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 88H**, subject to acceptable terms.

Timothy R. MacDonald

By: _____
 Name: _____
 Title: _____
 Date: _____

 EARTHSTONE Operating, LLC			Earthstone Operating, LLC Statement of Estimated Well Cost		
Well Name: DeLorean 9-10 Fed Com 1BS 3H		Project Description:			
Field Name: Ranger		2 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 120,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 53,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,700,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ 175,000
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 680,000	FACILITIES TOTAL		\$ 865,700
TOTAL DRILLING COSTS		\$ 3,814,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,688,548
			TOTAL ESTIMATED WELL COST		\$ 10,502,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

 EARTHSTONE Operating, LLC			Earthstone Operating, LLC Statement of Estimated Well Cost		
Well Name: DeLorean 9-10 Fed Com 2BS 7H		Project Description:			
Field Name: Ranger		2 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
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1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 120,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 53,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,700,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
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1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 146,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 564,000	1433/400	WELLHEAD EQUIPMENT	\$ 50,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,142,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ -
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 505,000	FACILITIES TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,842,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,513,548
			TOTAL ESTIMATED WELL COST		\$ 10,355,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

Case 23373

Company	Contact	Date
Timothy R. McDonald	Mail	11/11/2022 11/21/2022*
*received a letter from McDonald wherein a non-consent election was made for all wells.		
MRC Permian Company	Email	5/18/2022 5/23/2022 6/2/2022 6/3/2022 8/31/2022 9/7/2022 9/13/2022 9/14/2022 11/2/2022 11/9/2022 11/17/2022 11/18/2022 12/2/2022 12/13/2022 12/14/2022 12/19/2022 12/20/2022
	Phone calls	4/12/2022 6/2/2022 6/3/2022 10/21/2022 12/20/2022



TAB 3

Case No. 23373

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23373

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

**EXHIBIT
B**

6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 3H, and the DeLorean 9-10 Fed 2BS Com 7H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23372, 23374 and 23375.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

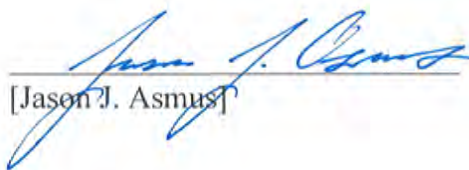
11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23373 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


[Jason J. Asmus]

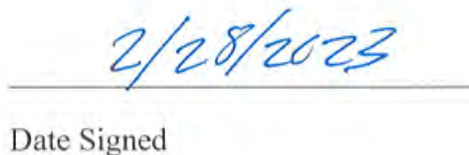

Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

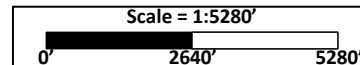
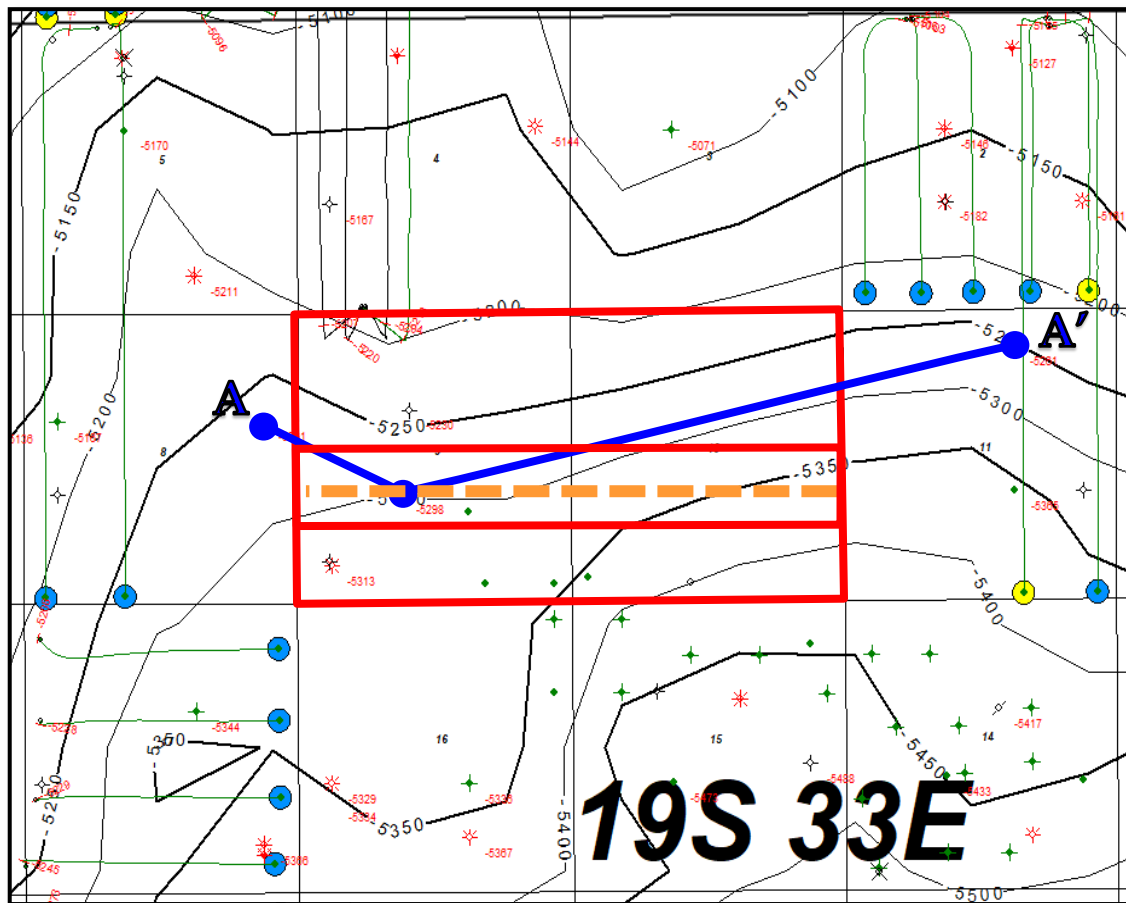
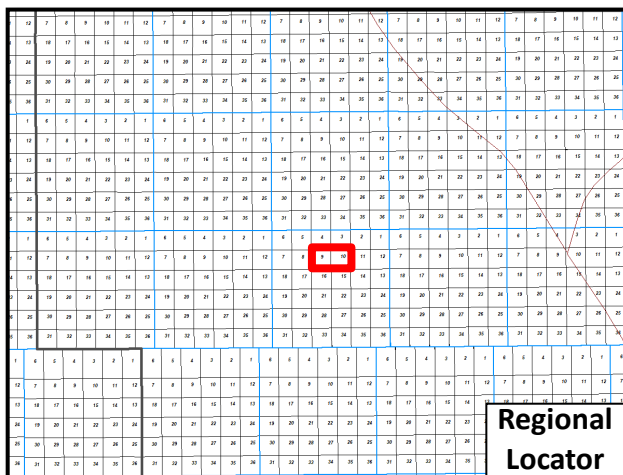


Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

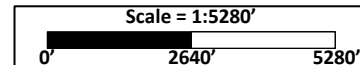
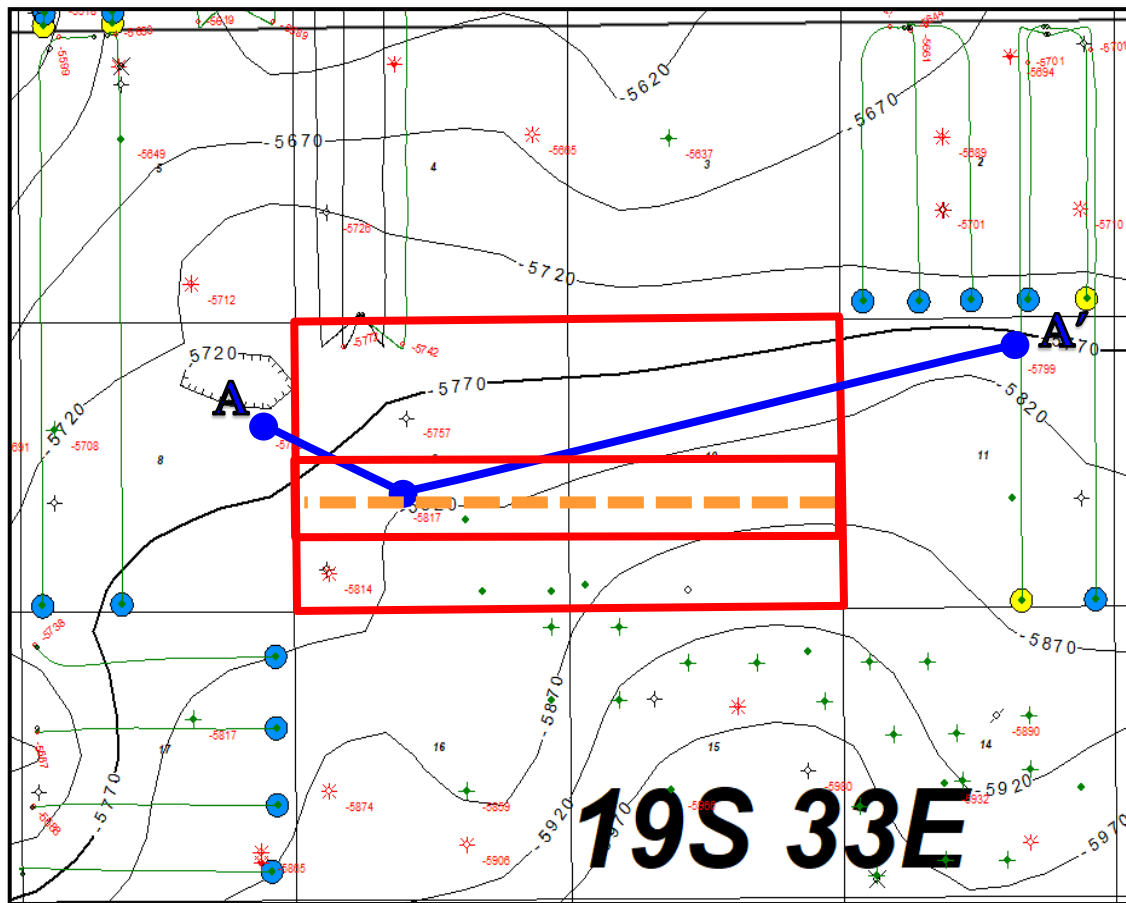
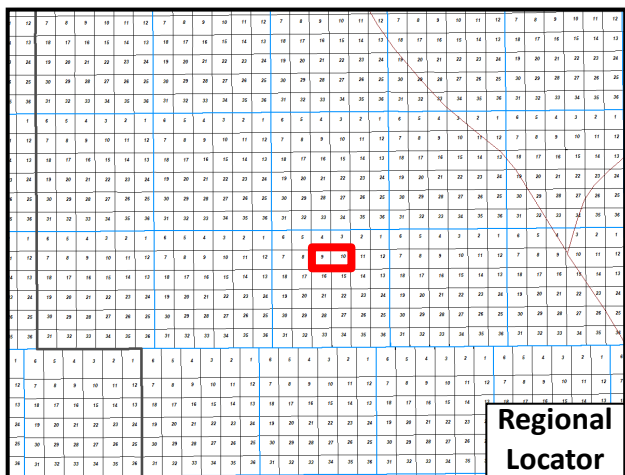
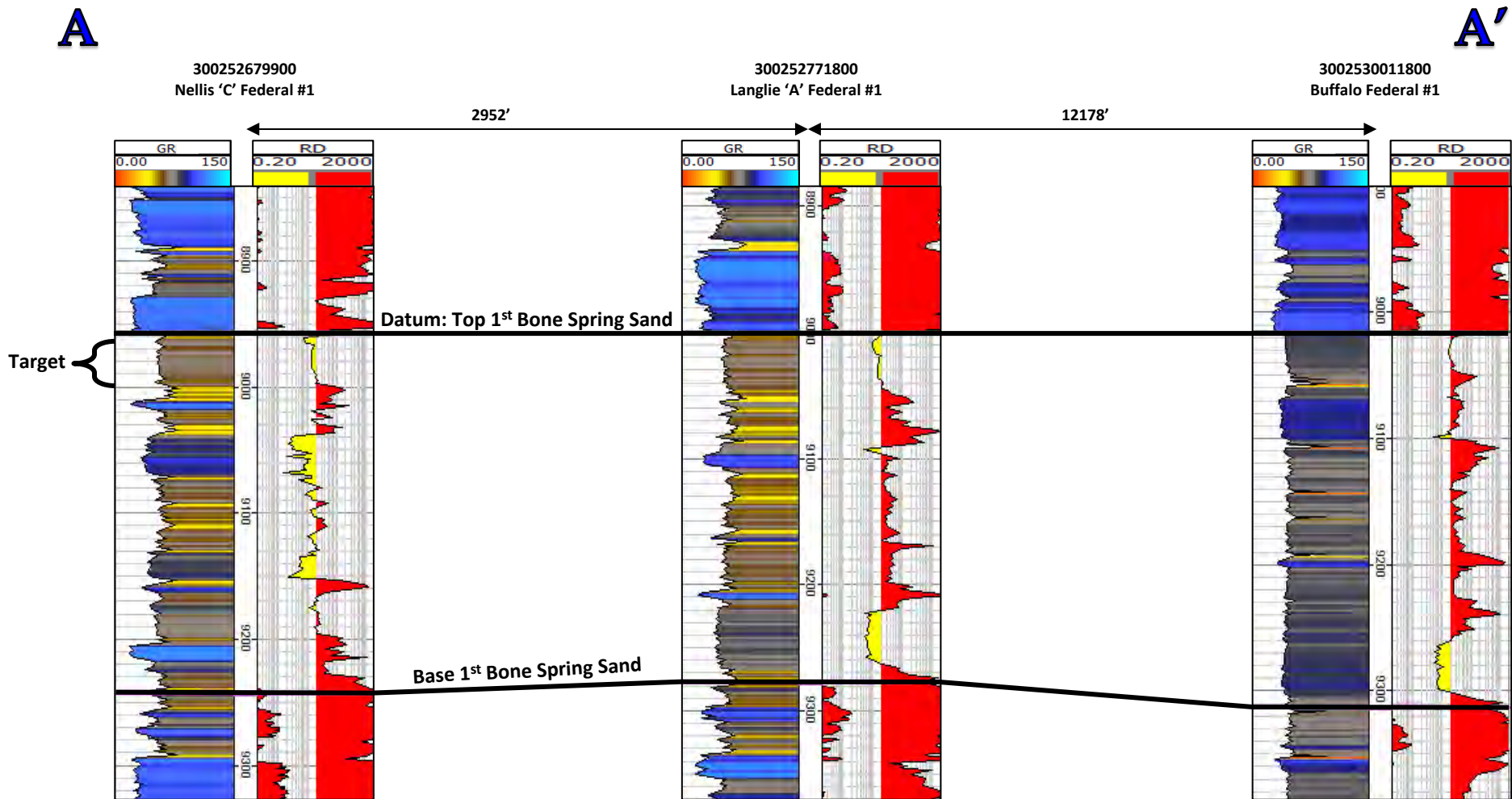


Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum



**EXHIBIT
B-3**

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

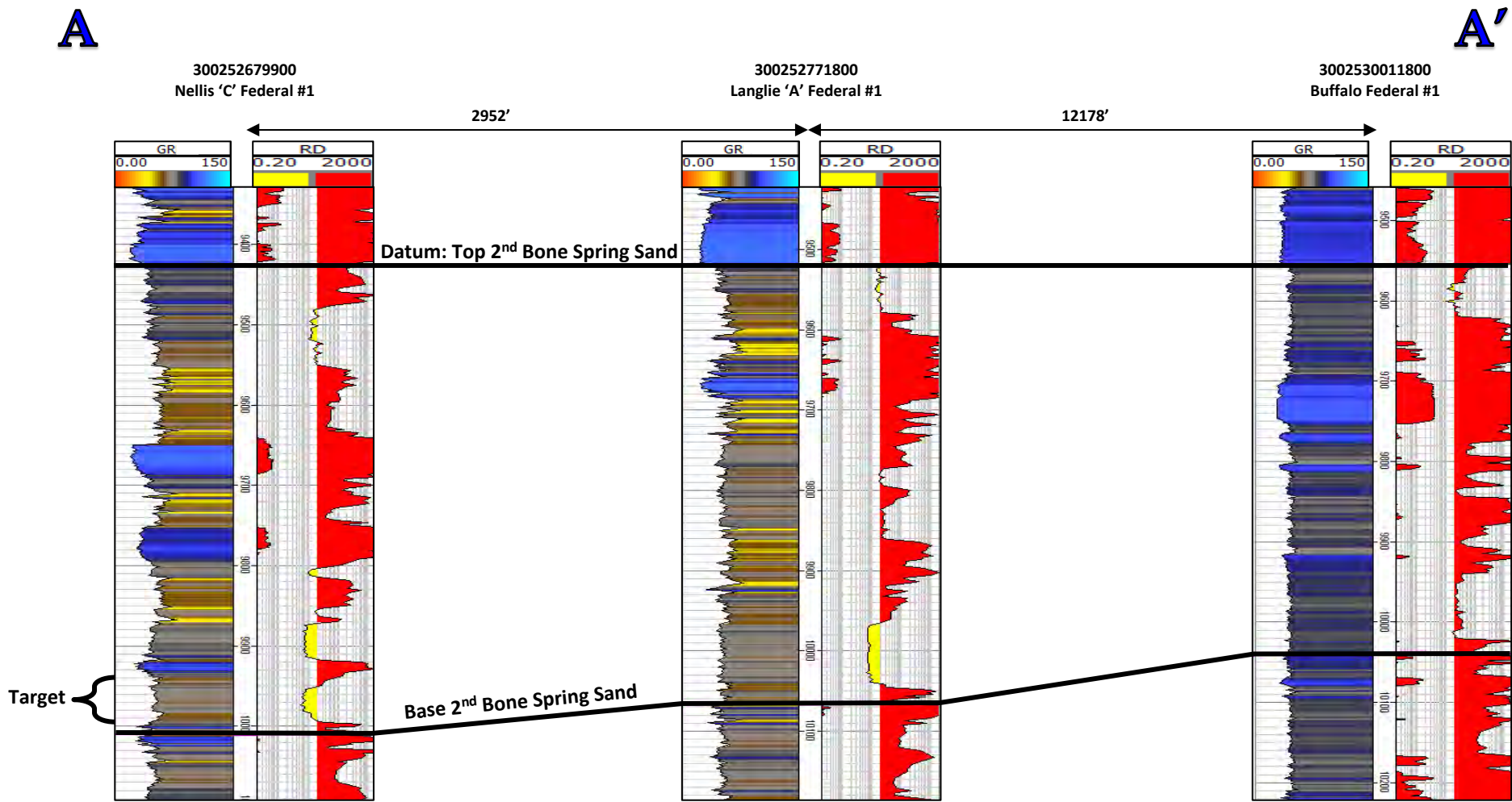


Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

-  - 1st Bone Spring Sand
-  - 2nd Bone Spring Sand

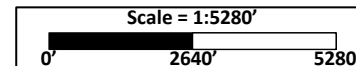
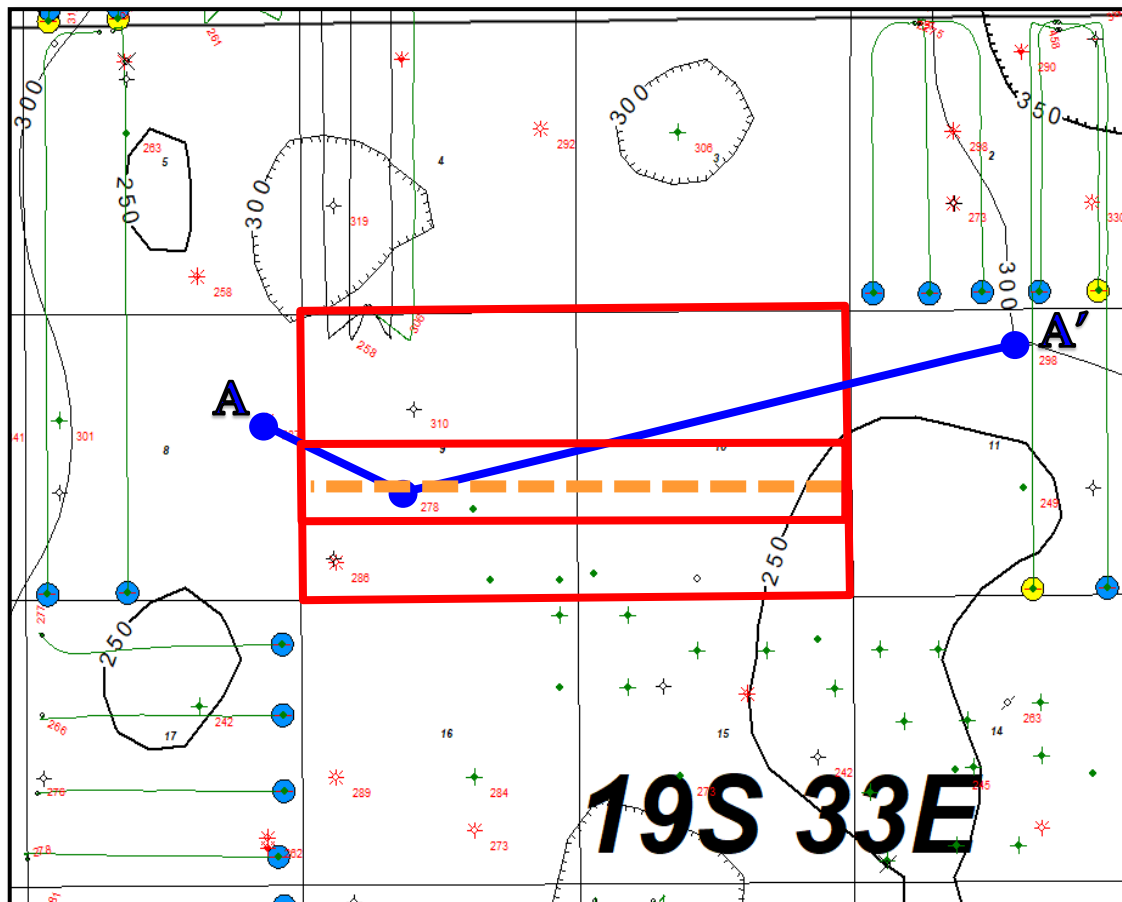
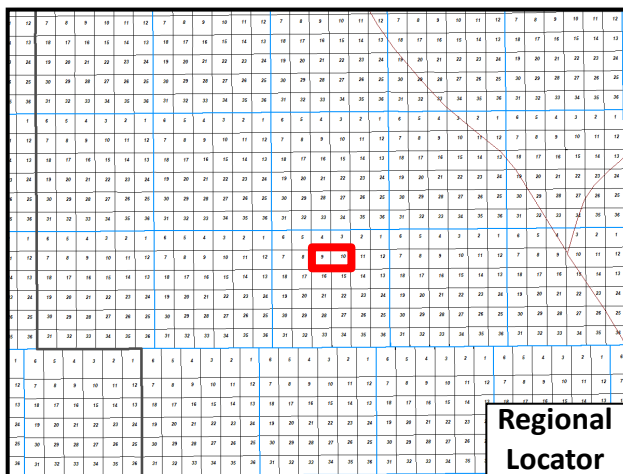


EXHIBIT B-5

Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

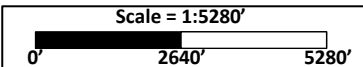
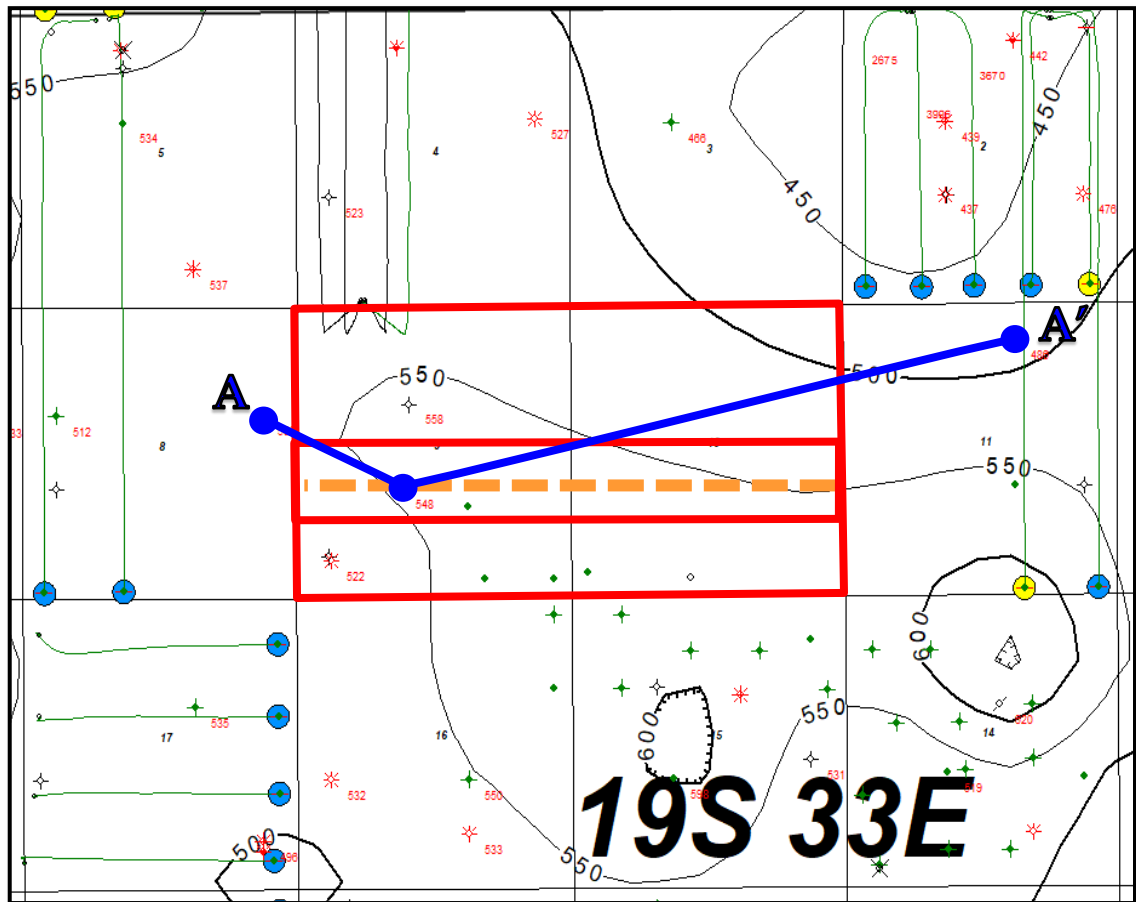
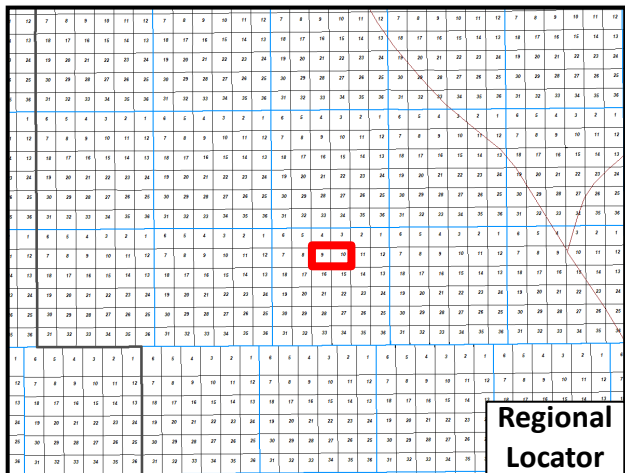


Exhibit B-7 Gun Barrel

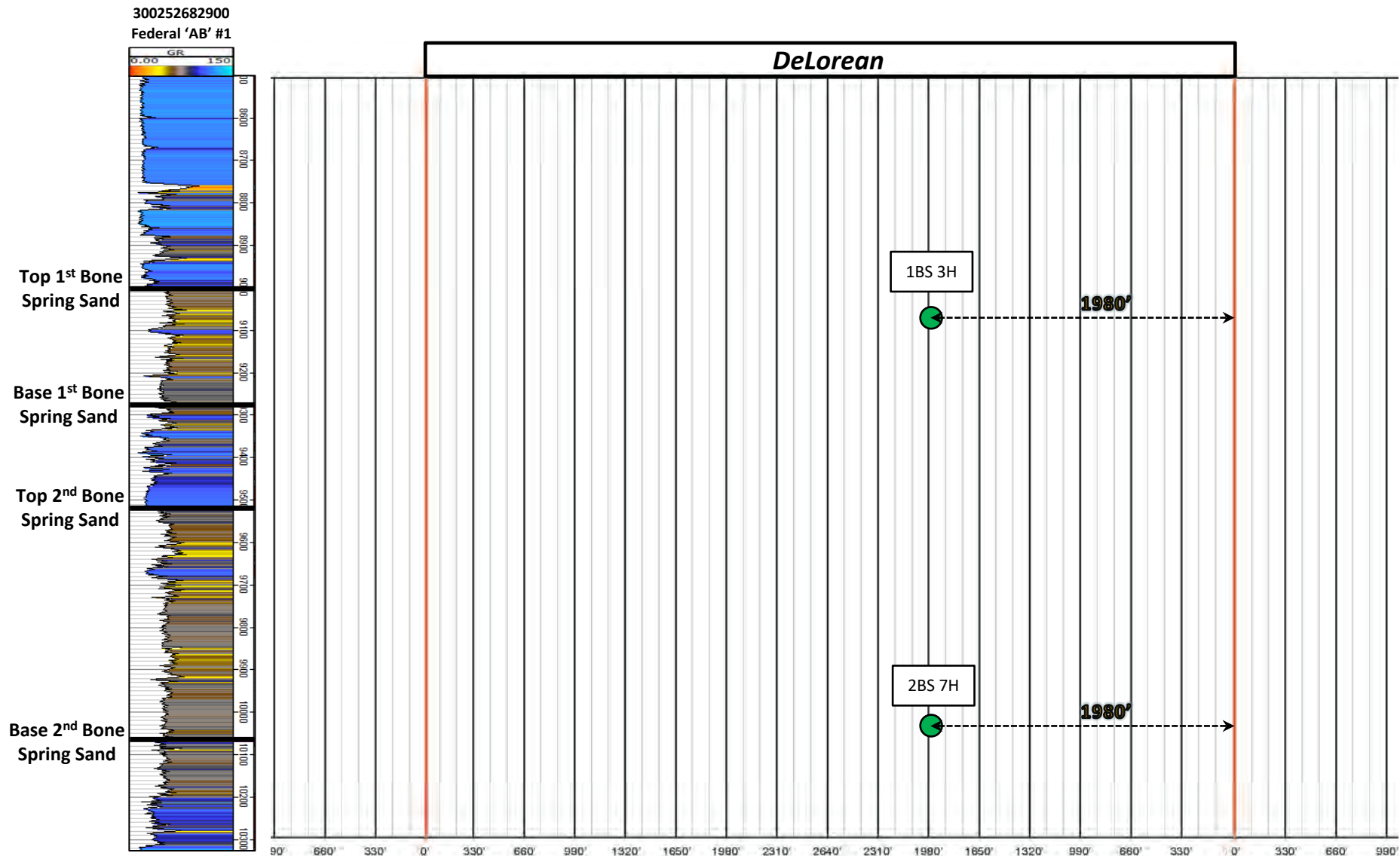


EXHIBIT B-7

TAB 4

Case No. 23373

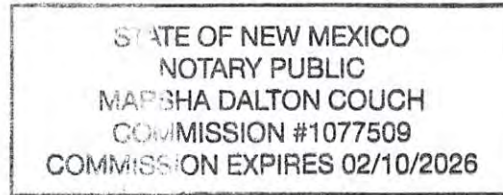
Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.

Marsha Dalton Couch
Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 8, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
DeLorean 9-10 Fed 1BS Com 3H Well (Case No. 23373)
DeLorean 9-10 Fed 2BS Com 7H Well (Case No. 23373)

Case Nos. 23373:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23373, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23373, Earthstone seeks to pool the Bone Spring formation underlying the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 3H and 7H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT
C-1

You are being notified as an interest owner (subject to title examination) and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:58:48 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	Mailing Status	Service Options
9314869904300104303391	4221.2	2/9/23	ConocoPhillips Company		600 W. Illinois Avenue		Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104303414	4221.2	2/9/23	MRC Permian Company		One Lincoln Center 5400 LBJ Freeway	Suite 1500	Dallas	TX	75240	Undelivered	Return Receipt - Electronic, Certified Mail
9314869904300104303421	4221.2	2/9/23	Timothy R. MacDonald		3003 Paleo Point		College Station	TX	77845	Undelivered	Return Receipt - Electronic, Certified Mail

EXHIBIT
C-2



February 15, 2023

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Recipient Name: ConocoPhillips Company

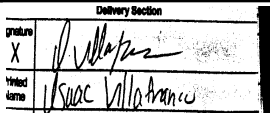
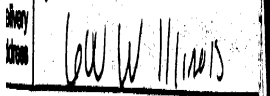
Shipment Details

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Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

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Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
February 10, 2023
and ending with the issue dated
February 10, 2023.



Publisher

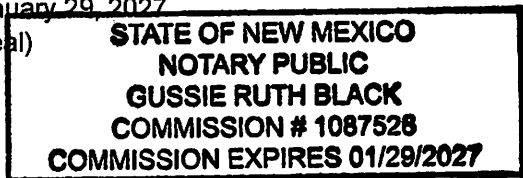
Sworn and subscribed to before me this
10th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE February 10, 2023

CASE No. 23373: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY; TIMOTHY R. MCDONALD; and MRC PERMIAN COMPANY, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/oed/hearinginfo/> or call (505) 476-3441. Earthstone Operating, LLC, at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the DeLorean 9-10 Fed 1BS Com 3H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10; and the DeLorean 9-10 Fed 2BS Com 7H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico. #00275661

67115820

00275661

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301



TAB 1

Reference for Case No. 23374

Application Case No. 23374:

DeLorean 9-10 Fed 1BS Com 2H Well

DeLorean 9-10 Fed 2BS Com 6H Well

NMOCD Checklist Case No. 23374

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23374

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 2H Well**, and the **DeLorean 9-10 Fed 2BS Com 6H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 6H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **DeLorean 9-10 Fed 1BS Com 2H Well** and the **DeLorean 9-10 Fed 2BS Com 6H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **DeLorean 9-10 Fed 1BS Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 6H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23374	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Abadie & Schill
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	None
Well Family	DeLorean
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 5&6; 2H Well: TVD appr. 8998'; 6H Well: TVD appr. 9988'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320.0
Building Blocks:	quarter-quarter sections
Orientation:	West to East
Description: TRS/County	S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Well #1	DeLorean 9-10 Fed 1BS Com 2H (API Pending) SHL: Unit E: 1,362' FNL & 376' FWL of Section 9, 19S-R33E BHL: Unit H: 1,980' FNL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 1BS Com 2H FTP: 100' FWL, 1980' FNL, Section 9, 19S-R33E LTP: 100' FEL, 1980' FNL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: appr. 8998'; TMD: appr. 19,500'

Well #2	DeLorean 9-10 Fed 2BS Com 6H (API Pending) SHL: Unit E: 1,334' FNL & 365' FWL of Section 9, 19S-R33E BHL: Unit H: 1,980' FNL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 2BS Com 6H FTP: 100' FWL, 1980' FNL, Section 9, 19S-R33E LTP: 100' FEL, 1980' FNL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: apprx. 9988'; TMD: apprx. 20,500'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See exhibit
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits A, B, B-3, B-4
HSU Cross Section	Exhibit B-7
Depth Severance Discussion	N/A

Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	02.28.2023

TAB 2

Case No. 23374

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23374

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation, Mescalero Escarpe; Bone Spring [45793] underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

4. Under Case No. 23374, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 2H Well**, and the **DeLorean 9-10 Fed 2BS Com 6H Well**, as initial wells.



5. The **DeLorean 9-10 Fed 1BS Com 2H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWNW (Unit E) of Section 9 to a bottom hole location in the SENE (Unit H) of Section 10; approximate TVD of 8,998'; approximate TMD of 19,500'; FTP in Section 9: 1,980' FNL, 100' FWL; LTP in Section 10: 1,980' FNL, 150' FEL.

6. The **DeLorean 9-10 Fed 2BS Com 6H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWNW (Unit E) of Section 9 to a bottom hole location in the SENE (Unit H) of Section 10; approximate TVD of 9,988'; approximate TMD of 20'500'; FTP in Section 9: 1,980' FNL, 100' FWL; LTP in Section 10: 1,980' FNL, 150' FEL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

10. There are no depth severances in the Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone

published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

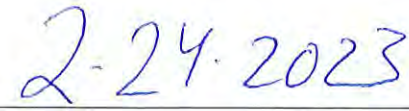
[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23374 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 1BS			⁶ Well Number 2H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,690.8'

¹⁰ Surface Location

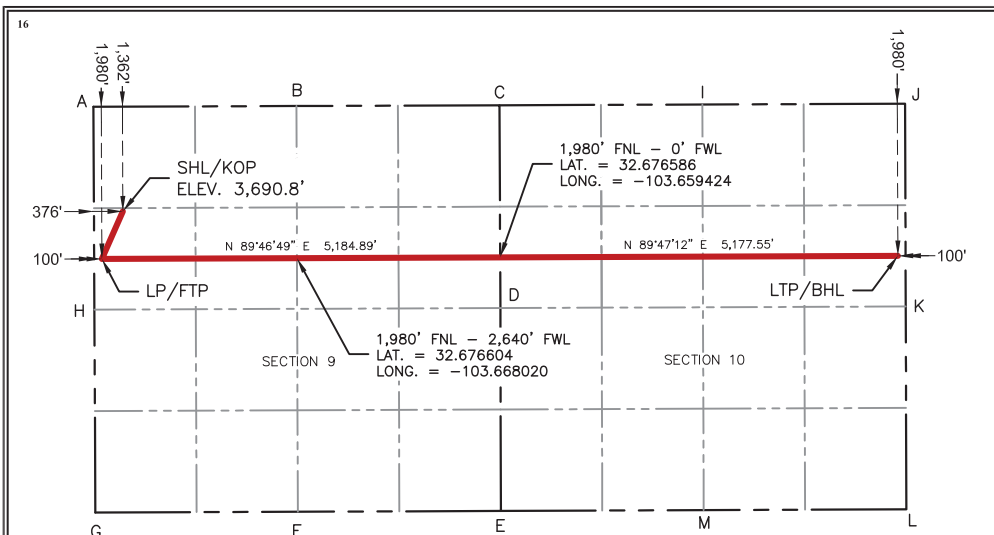
UL or lot no. E	Section 9	Township 19 S	Range 33 E	Lot Idn	Feet from the 1,362'	North/South line NORTH	Feet from the 376'	East/West line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. H	Section 10	Township 19 S	Range 33 E	Lot Idn	Feet from the 1,980'	North/South line NORTH	Feet from the 100'	East/West line EAST	County LEA
---------------------------	----------------------	-------------------------	----------------------	---------	--------------------------------	----------------------------------	------------------------------	-------------------------------	----------------------

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	Date
Email Address	Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22



MARK J. MURRAY P.L.S. NO. 12177

SURFACE HOLE LOCATION / KICK OFF POINT	LANDING POINT / FIRST TAKE POINT	LAST TAKE POINT / BOTTOM HOLE LOCATION
1,362' FNL & 376' FWL NEW MEXICO EAST-NAD 83 NORTH:611,130.39' EAST:743,783.17' LAT:32.678317 LONG:-103.675374	1,980' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:610,511.59' EAST:743,509.89' LAT:32.676621 LONG:-103.676274	1,980' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:610,550.75' EAST:753,872.27' LAT:32.676547 LONG:-103.642598
NEW MEXICO EAST-NAD 27 NORTH:611,067.00' EAST:702,603.66' LAT:32.678195 LONG:-103.674875	NEW MEXICO EAST-NAD 27 NORTH:610,448.22' EAST:702,330.37' LAT:32.676499 LONG:-103.675776	NEW MEXICO EAST-NAD 27 NORTH:610,487.27' EAST:712,692.63' LAT:32.676425 LONG:-103.642101

CORNER COORDINATES	
NEW MEXICO EAST - NAD 83	G-FOUND 2" IRON PIPE W/ CAP N:607,209.72' E:743,425.26'
A-FOUND 2" IRON PIPE W/ CAP	H-CALCULATED CORNER
N:612,491.19' E:743,400.68'	N:609,850.46' E:743,412.97'
B-CALCULATED CORNER	I-FOUND 1" IRON PIPE W/ CAP
N:612,501.32' E:746,042.97'	N:612,521.06' E:751,326.47'
C-FOUND 2" IRON PIPE W/ CAP	J-FOUND 2" IRON PIPE W/ CAP
N:612,511.46' E:748,685.26'	N:612,531.12' E:753,965.58'
D-FOUND 1" IRON ROD W/ CAP	K-CALCULATED CORNER
N:609,870.80' E:748,697.92'	N:609,890.99' E:753,974.49'
E-FOUND 5/8" IRON ROD W/ CAP	L-FOUND 2" IRON PIPE
N:607,228.58' E:748,703.69'	N:607,250.85' E:753,983.40'
F-FOUND 1" IRON ROD W/ CAP	M-FOUND 1" IRON PIPE W/ CAP
N:607,218.69' E:746,061.00'	N:607,240.14' E:751,344.38'

EXHIBIT
A-1

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 2BS			⁶ Well Number 6H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,691.1'

¹⁰ Surface Location

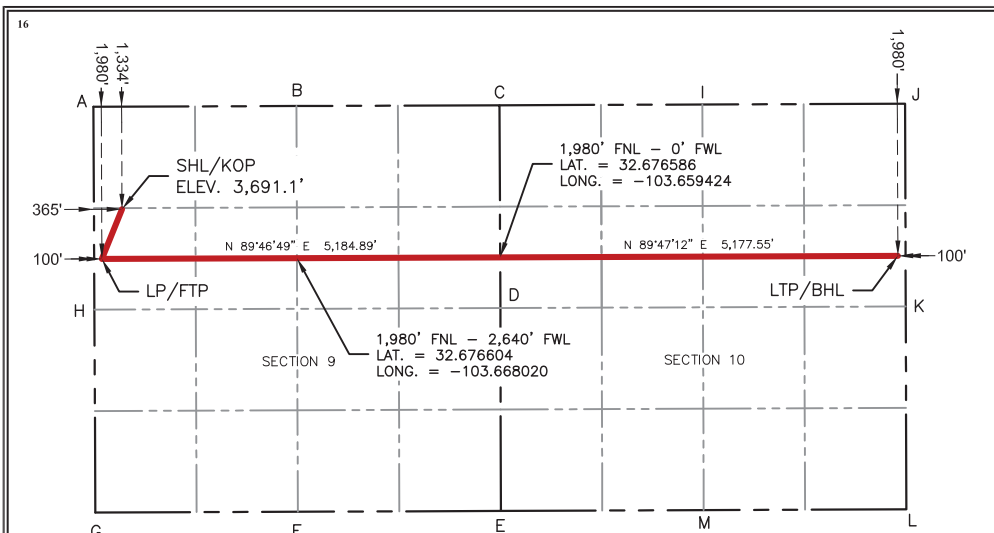
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	19 S	33 E		1,334'	NORTH	365'	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	10	19 S	33 E		1,980'	NORTH	100'	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



SURFACE HOLE LOCATION / KICK OFF POINT	LANDING POINT / FIRST TAKE POINT	LAST TAKE POINT / BOTTOM HOLE LOCATION
1,334' FNL & 365' FWL NEW MEXICO EAST-NAD 83 NORTH: 611,158.26' EAST: 743,772.09' LAT: 32.678294 LONG: -103.675409	1,980' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH: 610,511.59' EAST: 743,509.89' LAT: 32.676621 LONG: -103.676274	1,980' FNL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH: 610,550.75' EAST: 753,872.27' LAT: 32.676547 LONG: -103.642598
NEW MEXICO EAST-NAD 27 NORTH: 611,094.87' EAST: 702,592.58' LAT: 32.678272 LONG: -103.674911	NEW MEXICO EAST-NAD 27 NORTH: 610,448.22' EAST: 702,330.37' LAT: 32.676499 LONG: -103.675776	NEW MEXICO EAST-NAD 27 NORTH: 610,487.27' EAST: 712,692.63' LAT: 32.676425 LONG: -103.642101

CORNER COORDINATES	FOUND POINT
NEW MEXICO EAST - NAD 83	G-FOUND 2" IRON PIPE W/ CAP N: 607,209.72' E: 743,425.26'
A-FOUND 2" IRON PIPE W/ CAP	H-CALCULATED CORNER N: 612,491.19' E: 743,400.68'
B-CALCULATED CORNER	I-FOUND 1" IRON PIPE W/ CAP N: 612,501.32' E: 746,042.97'
C-FOUND 2" IRON PIPE W/ CAP	J-FOUND 2" IRON PIPE W/ CAP N: 612,511.46' E: 748,685.26'
D-FOUND 1" IRON ROD W/ CAP	K-CALCULATED CORNER N: 609,870.80' E: 748,697.92'
E-FOUND 5/8" IRON ROD W/ CAP	L-FOUND 2" IRON PIPE N: 607,228.58' E: 748,703.69'
F-FOUND 1" IRON ROD W/ CAP	M-FOUND 1" IRON PIPE W/ CAP N: 607,218.69' E: 746,061.00'

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	Date
Email Address	Date

¹⁸ SURVEYOR CERTIFICATION

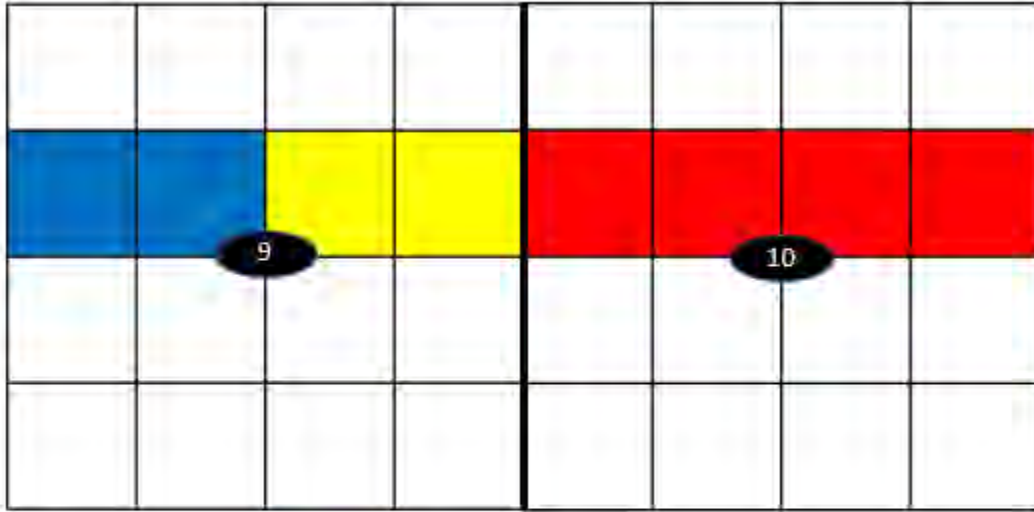
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22



MARK J. MURRAY P.L.S. NO. 12177

DeLorean 9-10 Fed 1BS Com 2H
DeLorean 9-10 Fed 2BS Com 6H
 S2N2 of Sections 9 and 10, Township 19 South, Range 33 East
 Lea County, New Mexico



- Tract 1 LC-060549
- Tract 2 NM-101114
- Tract 3 LC-060549

TRACT 1 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-101114)

NHPP Permian, LLC	100.000000%
-------------------	-------------

EXHIBIT
A-2

TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	37.500000%
NHPP Permian, LLC	25.000000%
ConocoPhillips Company	<u>37.500000%</u>
	100.000000%

WI Parties To Force Pool

NHPP Permian, LLC



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

November 11, 2022

VIA FED-X

NHPP Permian, LLC
55 Waugh Drive, Suite 1200
Houston, TX 77007

Re: DeLorean 9-10 Fed Com Wells (1H, 2H, 5H, 6H)
N2N2 and S2N2 of Sections 9 and 10
Township 19 South, Range 33 East
Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 1H:** to be drilled from a proposed surface hole location of 1225' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- **DeLorean 9-10 Fed 1BS Com 2H:** to be drilled from a proposed surface hole location of 1315' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,998'.
- **DeLorean 9-10 Fed 2BS Com 5H:** to be drilled from a proposed surface hole location of 1255' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.
- **DeLorean 9-10 Fed 2BS Com 6H:** to be drilled from a proposed surface hole location of 1285' FNL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FNL & 100' FEL of Section 10, 19S-33E with an expected TVD of 8,968'.

EXHIBIT
A-3

Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2N2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2N2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstonenergy.com

NHPP Permian, LLC hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 1H**.
_____ Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 1H**, subject to acceptable terms.


_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 2H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 2H**, subject to acceptable terms.


_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 5H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 5H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 6H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 6H**, subject to acceptable terms.

NHPP Permian, LLC

By: _____
Name: _____
Title: _____
Date: _____

 EARTHSTONE Operating, LLC			Earthstone Operating, LLC Statement of Estimated Well Cost		
Well Name: DeLorean 9-10 Fed Com 1BS 2H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 65,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 85,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 52,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,604,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ 175,000
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 680,000	FACILITIES TOTAL		\$ 865,700
TOTAL DRILLING COSTS		\$ 3,718,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,688,548
			TOTAL ESTIMATED WELL COST		\$ 10,406,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

 EARTHSTONE Operating, LLC			Earthstone Operating, LLC Statement of Estimated Well Cost		
Well Name: DeLorean 9-10 Fed Com 2BS 6H		Project Description:			
Field Name: Ranger		4 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
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AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
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1420/ 20	LOCATION AND ROADS	\$ 125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
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1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 53,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,700,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 146,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 50,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ -
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 505,000	FACILITIES TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,814,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,513,548
			TOTAL ESTIMATED WELL COST		\$ 10,327,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

Case 23374

Company	Contact	Date
NHPP Permian, LLC	Mail	11/11/22
	Email	11/30/22 12p
		11/30/22 3p
		12/12/22 3p
		12/12/22 4p
Phone	2/22/23	

EXHIBIT
A-4

TAB 3

Case No. 23374

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23374

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval

**EXHIBIT
B**

6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 2H, and the DeLorean 9-10 Fed 2BS Com 6H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23372, 23373 and 23375.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

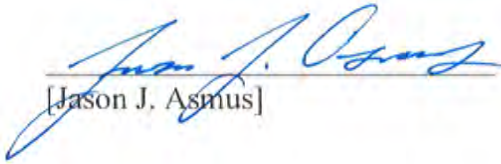
11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23374 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.


[Jason J. Asmus]

2/28/2023
Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

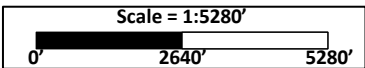
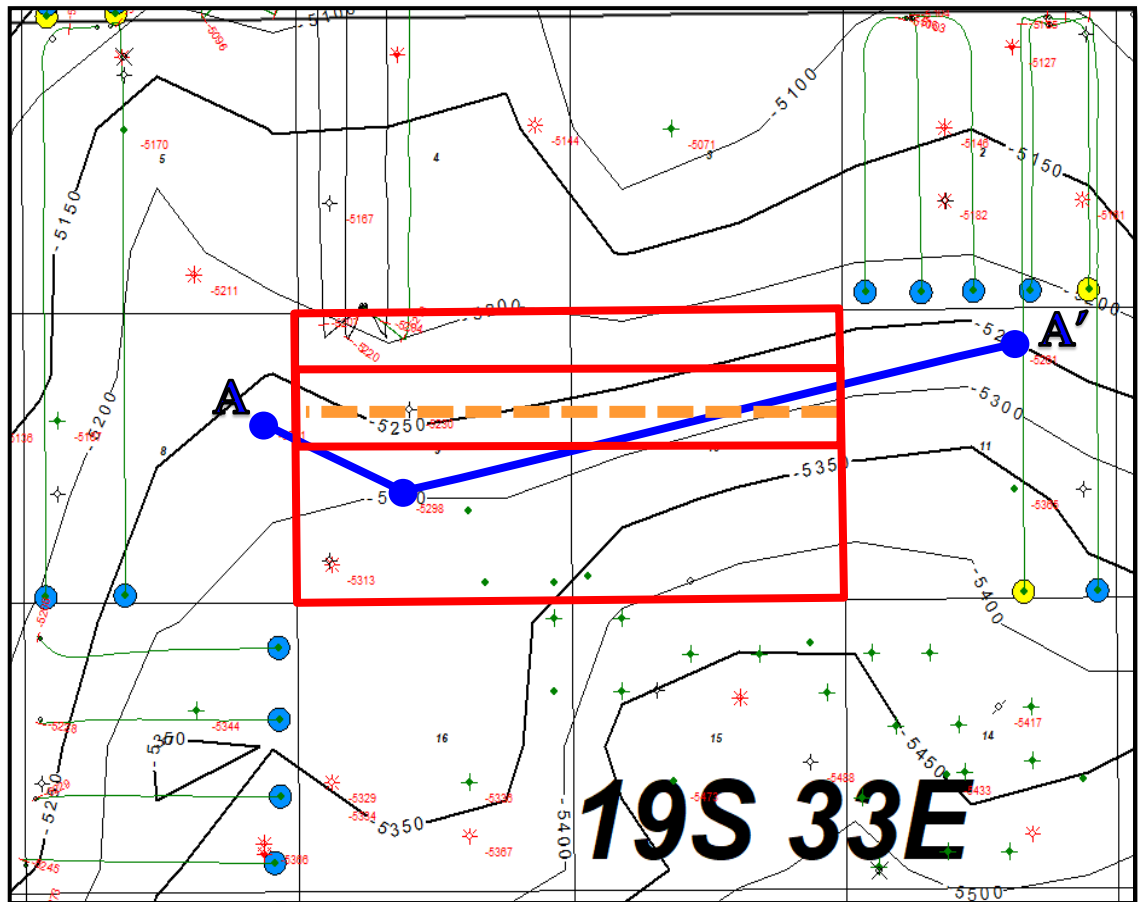
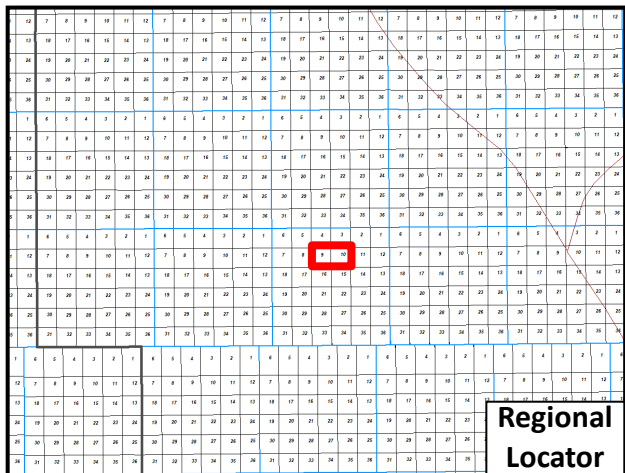


EXHIBIT B-1

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

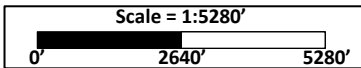
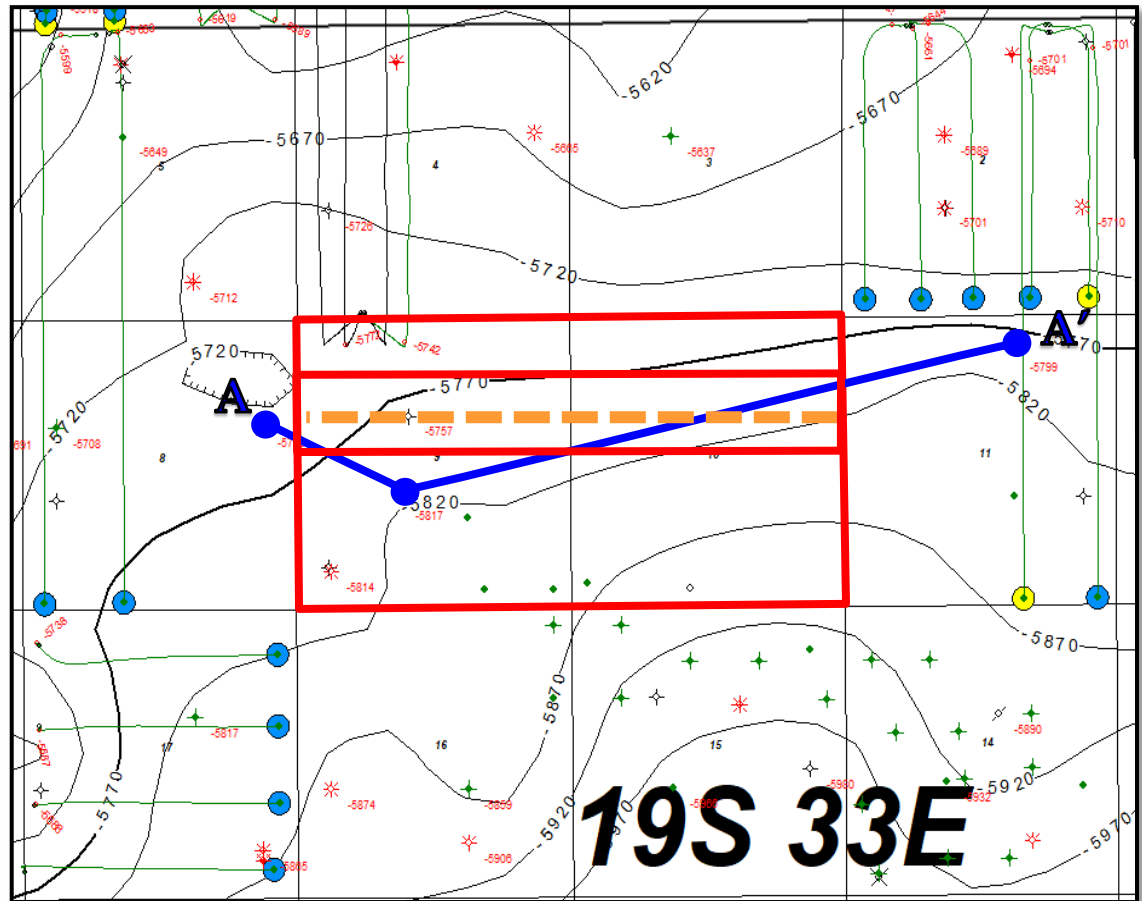
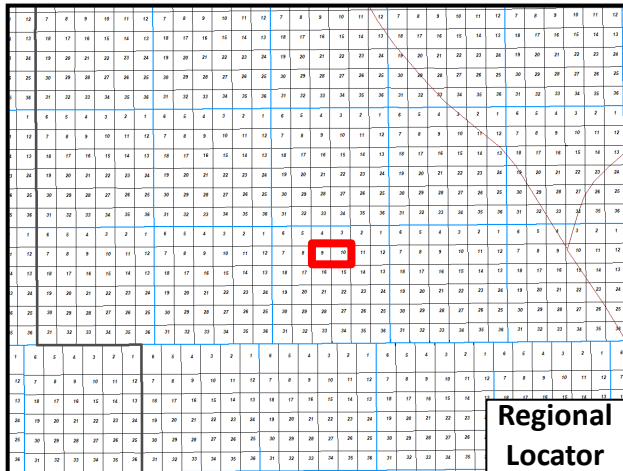
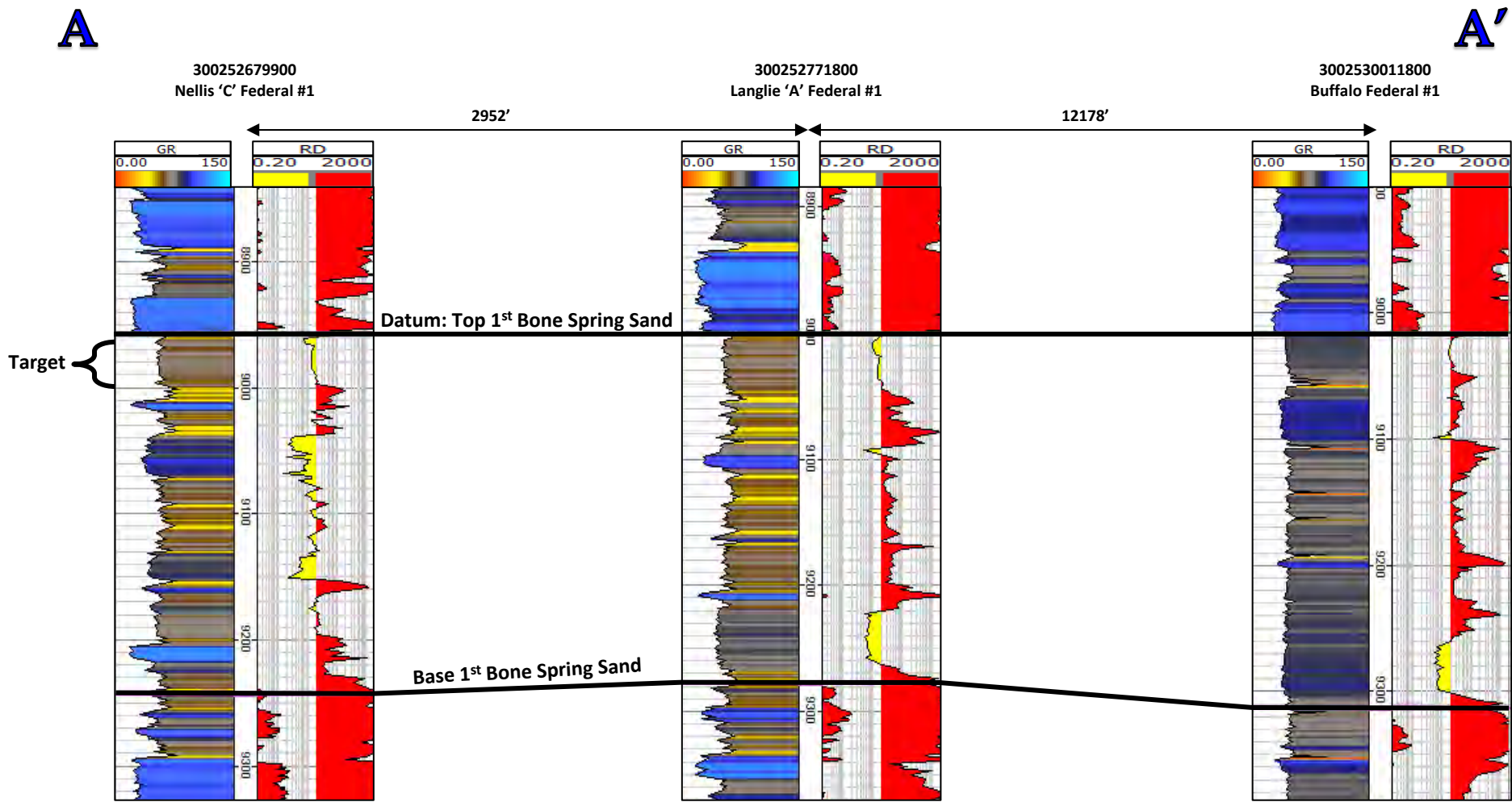


EXHIBIT B-2

Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum



**EXHIBIT
B-3**

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum

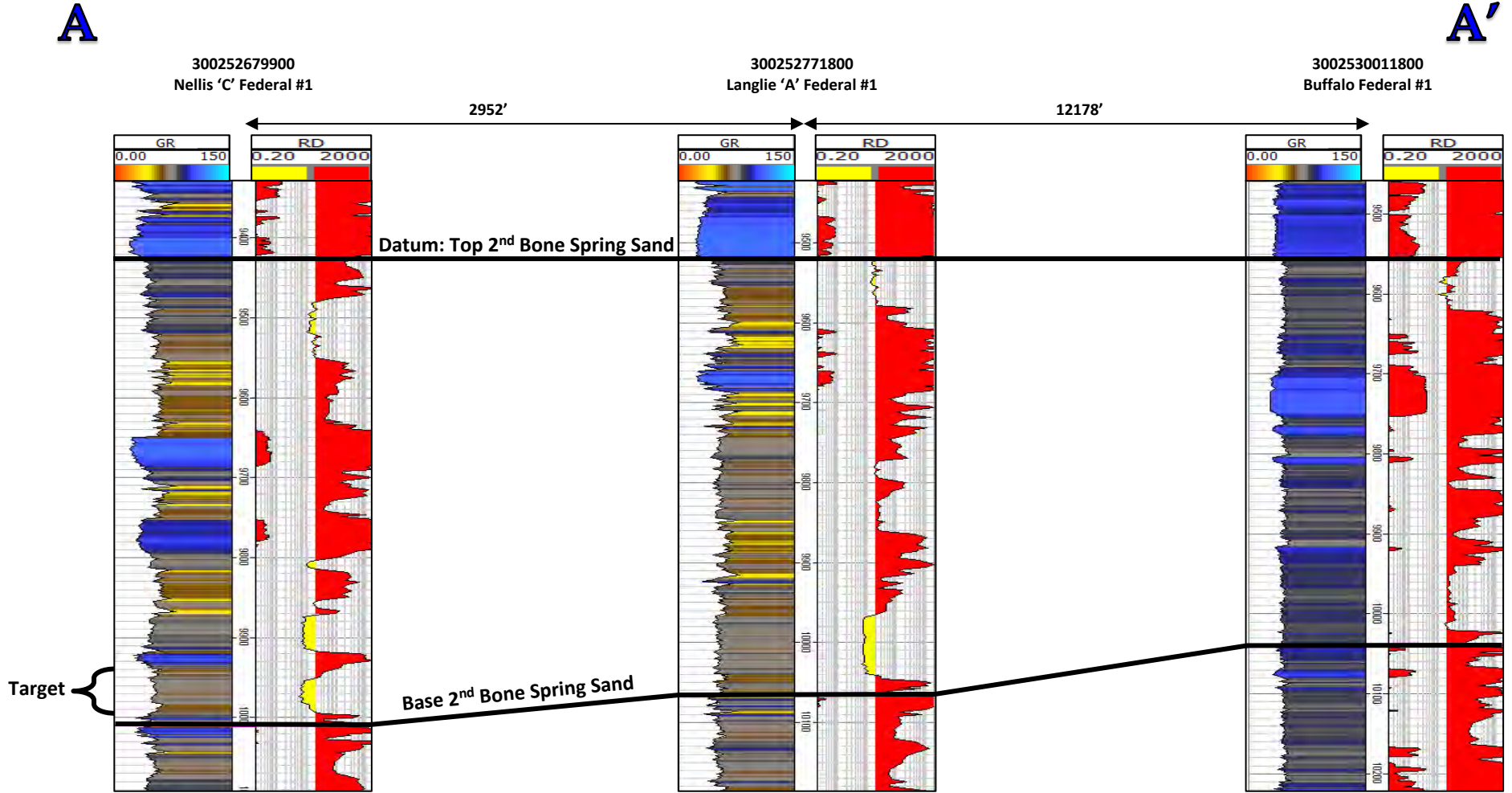
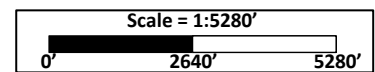
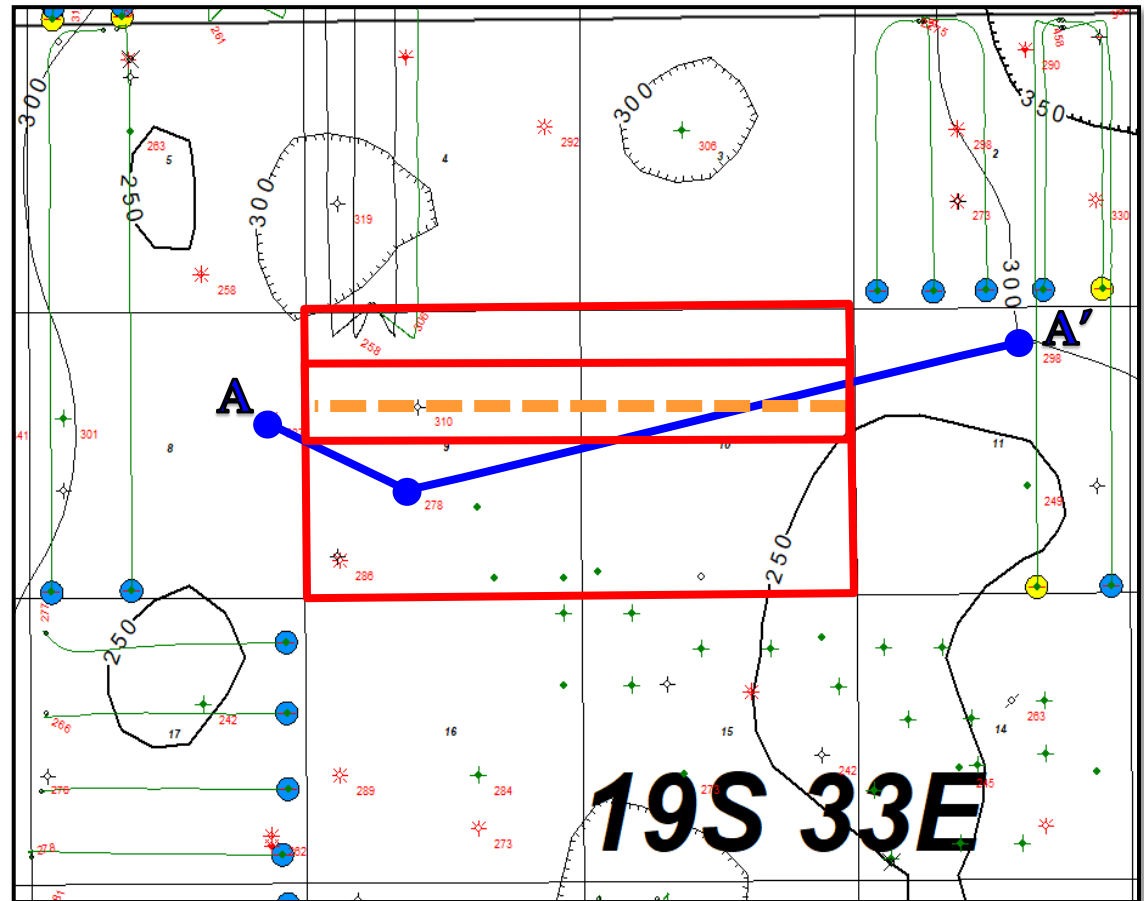
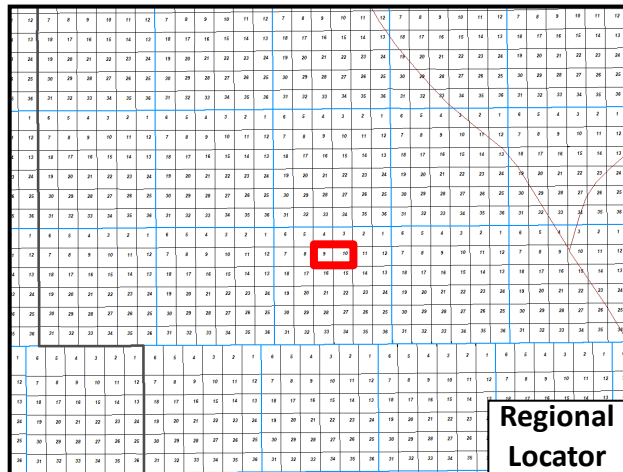


EXHIBIT
B-4

Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand



**EXHIBIT
B-5**

Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand

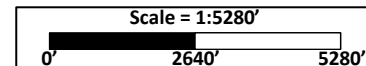
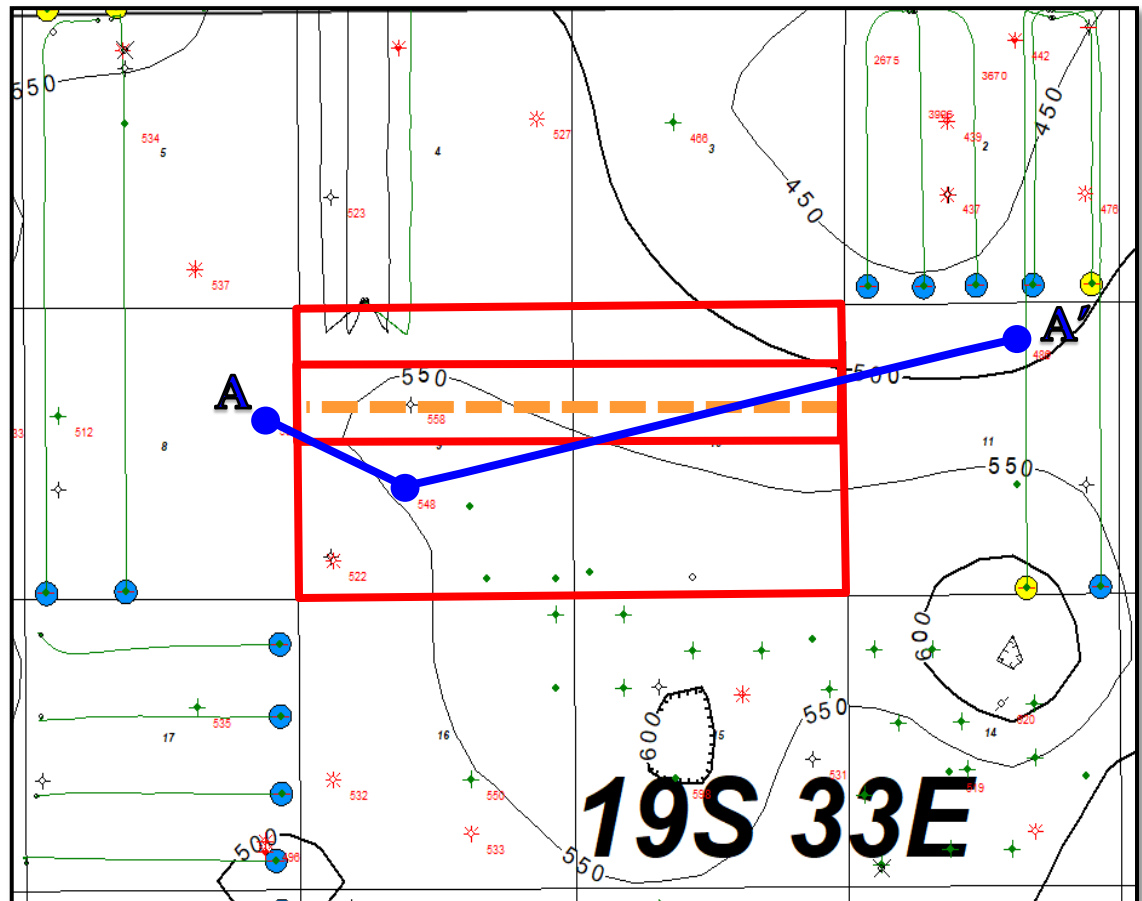
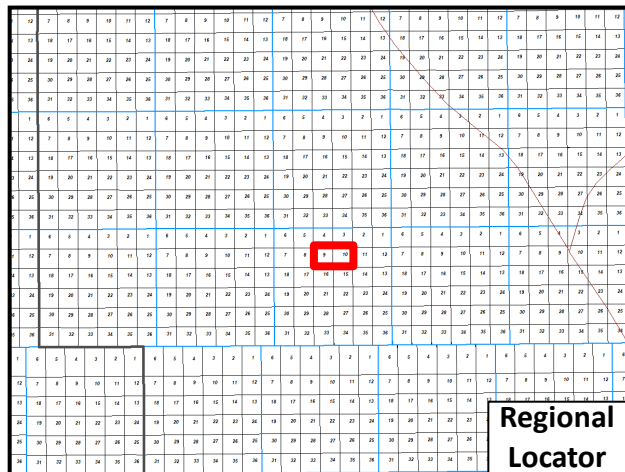
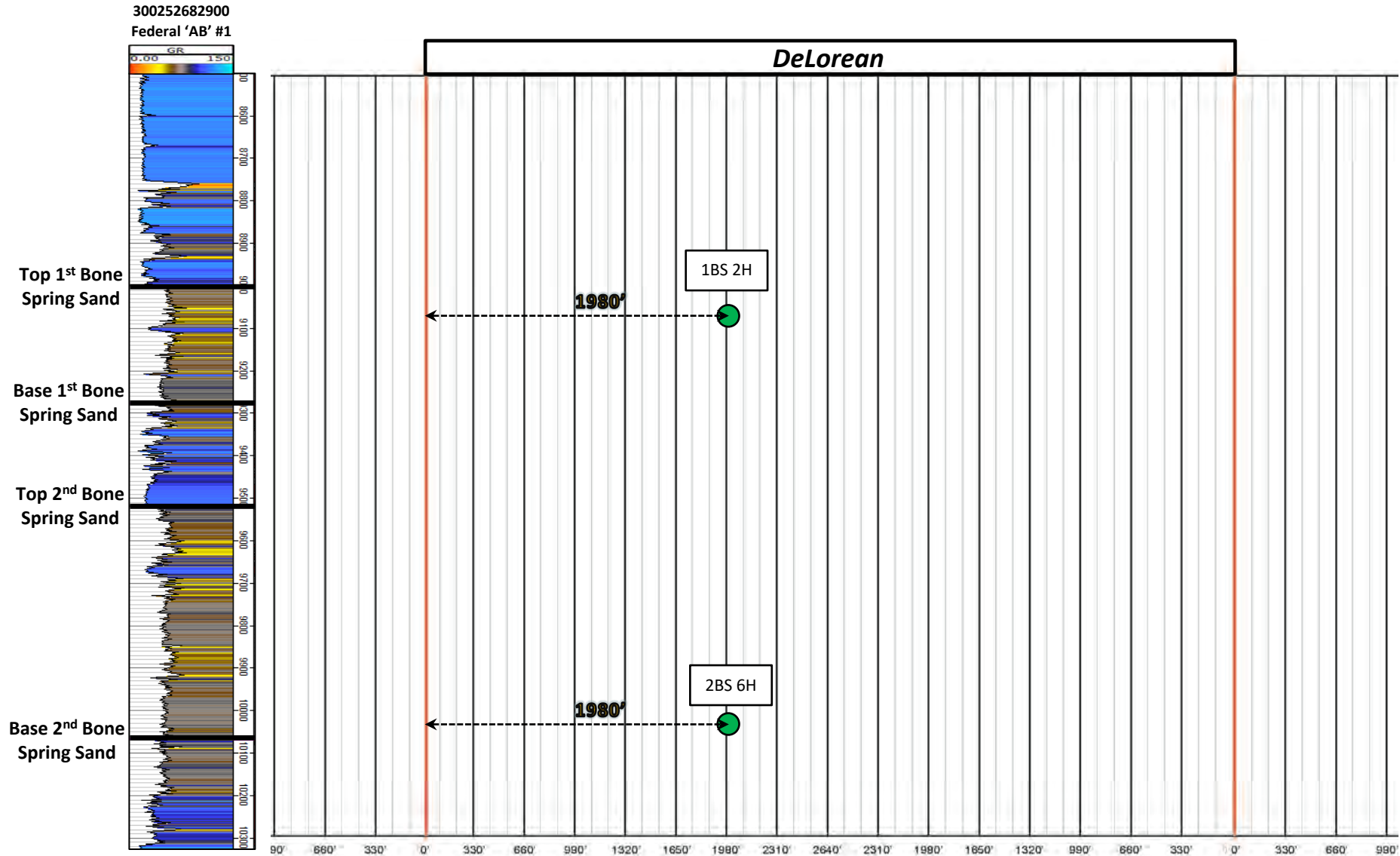


Exhibit B-7 Gun Barrel



TAB 4

Case No. 23374

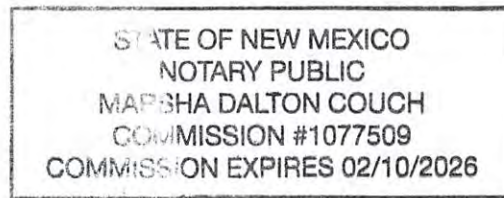
Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.

Marsha Dalton Couch
Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 8, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
DeLorean 9-10 Fed 1BS Com 2H Well (Case No. 23374)
DeLorean 9-10 Fed 2BS Com 6H Well (Case No. 23374)

Case Nos. 23374:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23374, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23374, Earthstone seeks to pool the Bone Spring formation underlying the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 2H and 6H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT
C-1

You are being notified as an interest owner (subject to title examination) and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:58:48 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	Mailing Status	Service Options
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9314869904300104303407	4221.2	2/9/23	NHPP Permian, LLC		55 Waugh Drive, Suite 1200		Houston	TX	77007	Delivered	Return Receipt - Electronic, Certified Mail

EXHIBIT
C-2



February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3034 07**.

Item Details

Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	February 14, 2023, 04:34 p.m.
Location:	HOUSTON, TX 77007
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	NHPP Permian LLC

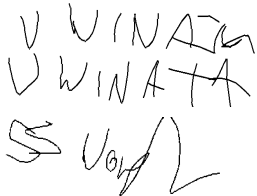
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address:	55 WAUGH DR STE 1200
City, State ZIP Code:	HOUSTON, TX 77007-5837

Recipient Signature

<p>Signature of Recipient:</p> <p>Address of Recipient:</p>	
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Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2



February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3033 91**.

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 14, 2023, 07:54 a.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: ConocoPhillips Company

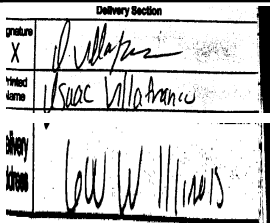
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

<p>Signature of Recipient:</p> <p>Address of Recipient:</p>	
--	---

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

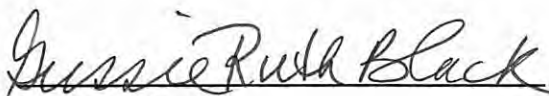
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
February 10, 2023
and ending with the issue dated
February 10, 2023.



Publisher

Sworn and subscribed to before me this
10th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

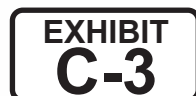
LEGAL NOTICE
February 10, 2023

CASE No. 23374: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY; and NHPP PERMIAN, LLC, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. Earthstone Operating, LLC., at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 N/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the **DeLorean 9-10 Fed 1BS Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 6H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.
#00275664

67115820

00275664

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301



TAB 1

Reference for Case No. 23375

Application Case No. 23375:

NMOCD Checklist Case No. 23375

DeLorean 9-10 Fed 1BS Com 4H Well

DeLorean 9-10 Fed 2BS Com 88H Well

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23375

APPLICATION

Earthstone Operating, LLC (“Earthstone”), OGRID No. 331165, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Earthstone states the following:

1. Earthstone is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 4H Well**, and the **DeLorean 9-10 Fed 2BS Com 88H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.
3. Earthstone proposes the **DeLorean 9-10 Fed 1BS Com 4H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.

4. Earthstone proposes the **DeLorean 9-10 Fed 2BS Com 88H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10.

5. The wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Earthstone's review of the units did not show any overlapping units.

7. Earthstone has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Earthstone requests that all uncommitted interests in this HSU be pooled and that Earthstone be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Earthstone requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **DeLorean 9-10 Fed 1BS Com 4H Well** and the **DeLorean 9-10 Fed 2BS Com 88H Well** as the wells for the HSU.

D. Designating Earthstone as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Earthstone to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Earthstone in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
andrew@abadieschill.com

Attorneys for Earthstone Operating, LLC

Application of Earthstone Operating, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **DeLorean 9-10 Fed 1BS Com 4H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 88H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The wells will be orthodox, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case: 23375	APPLICANT'S RESPONSE
Date: March 2, 2023	
Applicant	Earthstone Operating, LLC
Designated Operator & OGRID (affiliation if applicable)	Earthstone Operating, LLC (331165)
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	APPLICATION OF EARTHSTONE OPERATING, LLC, FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	MRC Permian Company
Well Family	DeLorean
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Paras. 5&6; 4H Well: TVD appr. 9043'; 88H Well: TVD appr. 9983'
Pool Name and Pool Code:	Mescalero Escarpe; Bone Spring [45793]
Well Location Setback Rules:	Statewide Rules apply
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320.0
Building Blocks:	quarter-quarter sections
Orientation:	West to East
Description: TRS/County	S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Well #1	<u>DeLorean 9-10 Fed 1BS Com 4H (API Pending)</u> SHL: Unit M: 600' FSL & 225' FWL of Section 9, 19S-R33E BHL: Unit P: 660' FSL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location
Horizontal Well First and Last Take Points	<u>DeLorean 9-10 Fed 1BS Com 4H</u> FTP: 100' FWL, 660' FSL, Section 9, 19S-R33E LTP: 100' FEL, 660' FSL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: appr. 9043'; TMD: appr. 19,500'

Well #2	DeLorean 9-10 Fed 2BS Com 88H (API Pendin) SHL: Unit M: 630' FSL & 225' FWL of Section 9, 19S-R33E BHL: Unit P: 660' FSL & 100' FEL of Section 10, 19S-33E Completion Target: Bone Spring Well Orientation: West to East Laydown, Standard location
Horizontal Well First and Last Take Points	DeLorean 9-10 Fed 2BS Com 88H FTP: 100' FWL, 660' FSL, Section 9, 19S-R33E LTP: 100' FEL, 660' FSL, Section 10, 19S-33E
Completion Target (Formation, TVD and MD)	Bone Spring; Mescalero Escarpe; Bone Spring [45793]; TVD: approx. 9983'; TMD: approx. 20,500'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,500
Production Supervision/Month \$	\$750
Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para 12 (None)
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits A, B, B-3, B-4
HSU Cross Section	Exhibit B-7

Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2,
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits B-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-7
Cross Section (including Landing Zone)	Exhibits B-3, B-4, B-7
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ <i>Darin Savage</i>
Date:	02.28.2023

TAB 2

Case No. 23375

- Exhibit A: Self-Affirmed Statement of Matt Solomon, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23375

SELF-AFFIRMED STATEMENT OF MATT SOLOMON

I, being duly sworn on oath, state the following:

1. I am a Senior Landman with Earthstone Operating, LLC (“Earthstone”) and am familiar with the subject application and lands involved. I am over the age of eighteen, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the Oil Conservation Division (“Division”) and my credentials as an expert in petroleum land matters were accepted and made a matter of record.

2. This Statement is submitted in connection with the filing by Earthstone of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

3. Earthstone seeks an order pooling all uncommitted mineral interest in the Bone Spring formation Mescalero Escarpe; Bone Spring [45793], underlying a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

4. Under Case No. 23375, Earthstone proposes and dedicates to the HSU the **DeLorean 9-10 Fed 1BS Com 4H Well**, and the **DeLorean 9-10 Fed 2BS Com 88H Well**, as initial wells.

**EXHIBIT
A**

5. The **DeLorean 9-10 Fed 1BS Com 4H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWSW (Unit M) of Section 9 to a bottom hole location in the SESE (Unit P) of Section 10; approximate TVD of 9,043'; approximate TMD of 19,500'; FTP in Section 9: 660' FSL, 100' FWL; LTP in Section 10: 660' FSL, 150' FEL.

6. The **DeLorean 9-10 Fed 2BS Com 88H Well**, an oil well, (API pending) as an initial well, horizontally drilled from a surface location in SWSW (Unit D) of Section 9 to a bottom hole location in the SESE (Unit P) of Section 10; approximate TVD of 9,983'; approximate TMD of 20,500'; FTP in Section 9: 660' FSL, 100' FWL; LTP in Section 10: 660' FSL, 150' FEL.

7. The proposed C-102 for each well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's setback requirements.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

10. There are no depth severances in the Bone Spring formation in this acreage.

11. A good faith review of records did not reveal any overlapping units.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed. Earthstone

published notice in the Hobbs News, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. Earthstone has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Earthstone has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Earthstone and another interest owner or owners, Earthstone requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Earthstone requests overhead and administrative rates of \$7,500/month for drilling each well and \$750/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Earthstone requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Earthstone requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

18. Earthstone requests that it be designated operator of the units and wells.

19. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

20. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

21. The foregoing is correct and complete to the best of my knowledge and belief.

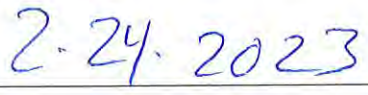
[Signature page follows]

Signature page of Self-Affirmed Statement of Matt Solomon:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23375 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Matt Solomon



Date Signed

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 1BS			⁶ Well Number 4H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,667.6'

¹⁰ Surface Location

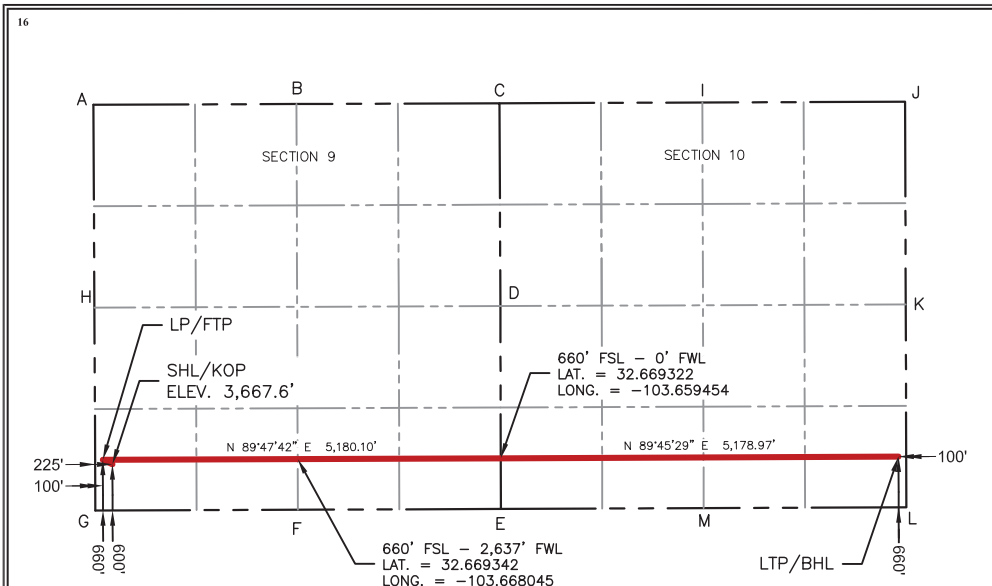
UL or lot no. M	Section 9	Township 19 S	Range 33 E	Lot Idn	Feet from the 600'	North/South line SOUTH	Feet from the 225'	East/West line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. P	Section 10	Township 19 S	Range 33 E	Lot Idn	Feet from the 660'	North/South line SOUTH	Feet from the 100'	East/West line EAST	County LEA
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



SURFACE HOLE LOCATION / KICK OFF POINT 600' FSL & 225' FWL	LANDING POINT / FIRST TAKE POINT 660' FSL & 100' FWL	LAST TAKE POINT / BOTTOM HOLE LOCATION 660' FSL & 100' FEL
NEW MEXICO EAST-NAD 83 NORTH:607,810.49' EAST:743,647.54' LAT:32.669194 LONG:-103.675881	NEW MEXICO EAST-NAD 83 NORTH:607,870.06' EAST:743,522.19' LAT:32.669360 LONG:-103.676287	NEW MEXICO EAST-NAD 83 NORTH:607,910.44' EAST:753,881.18' LAT:32.669290 LONG:-103.642625
NEW MEXICO EAST-NAD 27 NORTH:607,747.19' EAST:702,467.94' LAT:32.669072 LONG:-103.675383	NEW MEXICO EAST-NAD 27 NORTH:607,906.76' EAST:702,342.59' LAT:32.669238 LONG:-103.675790	NEW MEXICO EAST-NAD 27 NORTH:607,847.03' EAST:712,701.47' LAT:32.669168 LONG:-103.642128

CORNER COORDINATES NEW MEXICO EAST - NAD 83	G-FOUND 2" IRON PIPE W/ CAP N:607,209.72' E:743,425.26'
A-FOUND 2" IRON PIPE W/ CAP N:612,491.19' E:743,400.68'	H-CALCULATED CORNER N:609,850.46' E:743,412.97'
B-CALCULATED CORNER N:612,501.32' E:746,042.97'	I-FOUND 1" IRON PIPE W/ CAP N:612,521.06' E:751,326.47'
C-FOUND 2" IRON PIPE W/ CAP N:612,511.46' E:748,685.26'	J-FOUND 2" IRON PIPE W/ CAP N:612,531.12' E:753,965.58'
D-FOUND 1" IRON ROD W/ CAP N:609,870.80' E:748,697.92'	K-CALCULATED CORNER N:609,890.99' E:753,974.49'
E-FOUND 5/8" IRON ROD W/ CAP N:607,228.58' E:748,703.69'	L-FOUND 2" IRON PIPE N:607,250.85' E:753,983.40'
F-FOUND 1" IRON ROD W/ CAP N:607,218.69' E:746,061.00'	M-FOUND 1" IRON PIPE W/ CAP N:607,240.14' E:751,344.38'

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
Printed Name	Date
Email Address	Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22



MARK J. MURRAY P.L.S. NO. 12177

EXHIBIT
A-1

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazon Road, Artec, NM 87410
District IV
1220 S. St Francis Dr., NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name DELOREAN 9-10 FED COM 2BS			⁶ Well Number 88H
⁷ OGRID No.		⁸ Operator Name EARTHSTONE OPERATING, LLC			⁹ Elevation 3,667.6'

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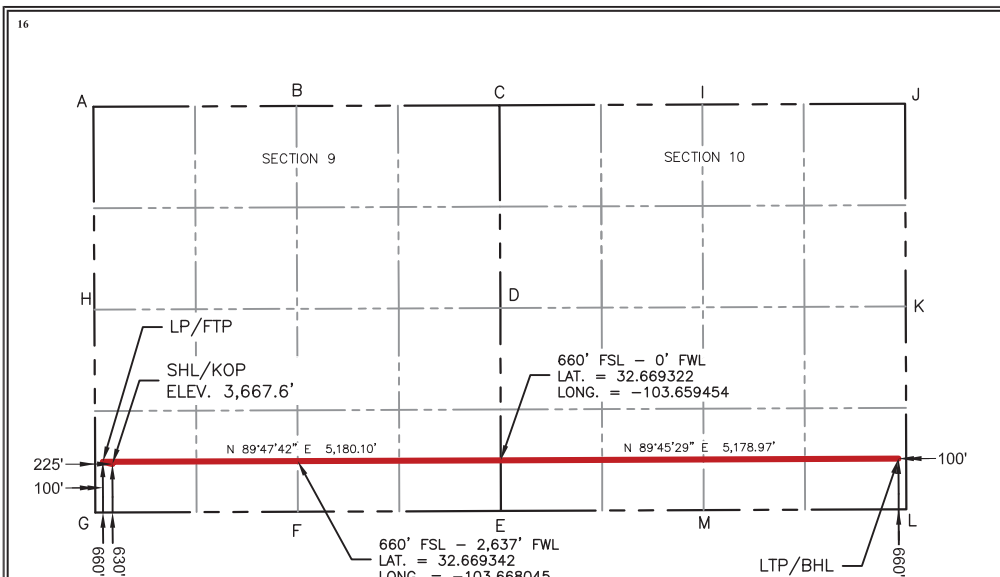
UL or lot no. M	Section 9	Township 19 S	Range 33 E	Lot Idn	Feet from the 630'	North/South line SOUTH	Feet from the 225'	East/West line WEST	County LEA
---------------------------	---------------------	-------------------------	----------------------	---------	------------------------------	----------------------------------	------------------------------	-------------------------------	----------------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. P	Section 10	Township 19 S	Range 33 E	Lot Idn	Feet from the 660'	North/South line SOUTH	Feet from the 100'	East/West line EAST	County LEA
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



SURFACE HOLE LOCATION / KICK OFF POINT	LANDING POINT / FIRST TAKE POINT	LAST TAKE POINT / BOTTOM HOLE LOCATION
630' FSL & 225' FWL NEW MEXICO EAST-NAD 83 NORTH:607,840.54' EAST:743,647.36' LAT:32.669277 LONG:-103.675881	660' FSL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:607,870.06' EAST:743,522.19' LAT:32.669360 LONG:-103.676287	660' FSL & 100' FWL NEW MEXICO EAST-NAD 83 NORTH:607,910.44' EAST:753,881.18' LAT:32.669290 LONG:-103.642625
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	M-FOUND 1" IRON PIPE W/ CAP N:607,240.14' E:751,344.38'

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____ Date _____

Email Address _____ Date _____

¹⁸ SURVEYOR CERTIFICATION

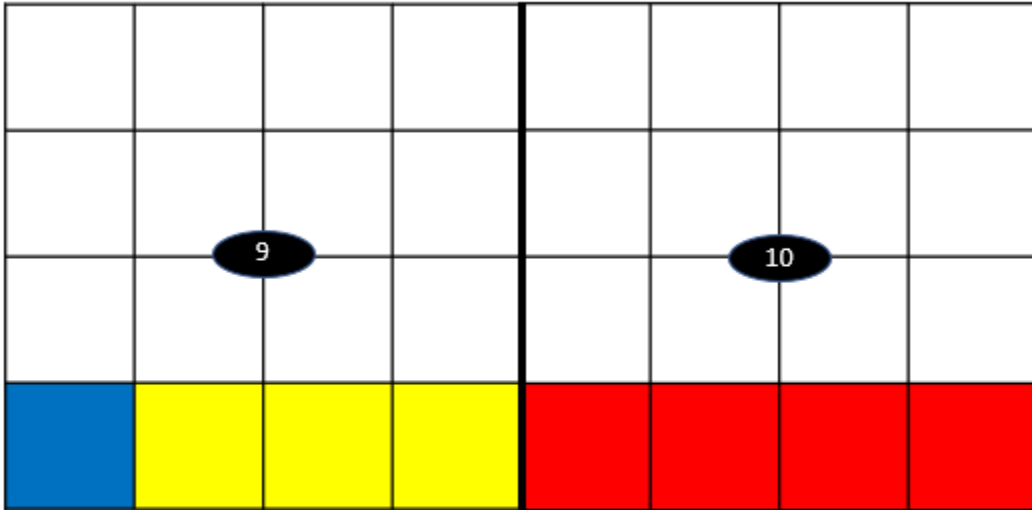
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date: 11/16/22



MARK J. MURRAY P.L.S. NO. 12177

DeLorean 9-10 Fed 1BS Com 4H
DeLorean 9-10 Fed 2BS Com 88H
 S2S2 of Sections 9 and 10, Township 19 South, Range 33 East
 Lea County, New Mexico



- Tract 1 NM-101114
- Tract 2 NM-016357
- Tract 3 LC-060549

TRACT 1 OWNERSHIP (NM-101114)

Earthstone Permian LLC	99.958333%
Timothy R. McDonald	<u>0.041667%</u>
	100.000000%

TRACT 2 OWNERSHIP (NM-016357)

Earthstone Permian LLC	87.463541%
MRC Permian Company	12.500000%
Timothy R. McDonald	<u>0.036459%</u>
	100.000000%

EXHIBIT
A-2

TRACT 3 OWNERSHIP (LC-060549)

Earthstone Permian LLC	50.000000%
ConocoPhillips Company	<u>50.000000%</u>
	100.000000%

SPACING UNIT OWNERSHIP

Earthstone Permian LLC	70.293620%
MRC Permian Company	4.687500%
Timothy R. McDonald	0.018880%
ConocoPhillips Company	<u>25.000000%</u>
	100.000000%

WI Parties To Force Pool

MRC Permian Company
Timothy R. McDonald



EARTHSTONE Operating, LLC
1400 Woodloch Forest Drive, Suite 300
The Woodlands, TX 77380
Office: 281-298-4246
Fax: 832-823-0478

November 11, 2022

VIA FED-X

MRC Permian Company
One Lincoln Center
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Re: DeLorean 9-10 Fed Com Wells (3H, 4H, 7H, 88H)
N2S2 and S2S2 of Sections 9 and 10
Township 19 South, Range 33 East
Lea County, New Mexico

Dear Working Interest Partner:

Earthstone Operating, LLC ("Earthstone") proposes to drill and operate the subject wells to test the Bone Spring formation. Enclosed find an Authority for Expenditure ("AFE") for each well reflecting estimated costs to drill, test, complete, and equip the well.

In connection with the above:

- **DeLorean 9-10 Fed 1BS Com 3H:** to be drilled from a proposed surface hole location of 1160' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,018'.
- **DeLorean 9-10 Fed 1BS Com 4H:** to be drilled from a proposed surface hole location of 1070' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,043'.
- **DeLorean 9-10 Fed 2BS Com 7H:** to be drilled from a proposed surface hole location of 1130' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 1980' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.
- **DeLorean 9-10 Fed 2BS Com 88H:** to be drilled from a proposed surface hole location of 1100' FSL & 250' FWL of Section 9, 19S-R33E to a proposed bottom hole location of 660' FSL & 100' FEL of Section 10, 19S-33E with an expected TVD of 9,983'.

EXHIBIT
A-3

Earthstone hereby proposes the creation of two 320 acre working interest units: 1) The N2S2 of Sections 9 and 10, Township 19 South, Range 33 East and 2) The S2S2 of Sections 9 and 10, Township 19 South, Range 33 East. These units will each be governed by a modified 1989 AAPL Model Form Operating Agreement, which are enclosed for your review and approval. These Operating Agreements contain the following general provisions:

- Limited to the Bone Spring Formation.
- 100/300 non-consent penalties
- \$7,500/\$750 fixed drilling and production overhead rates
- Earthstone Operating, LLC named as Operator

Please indicate your elections in the space provided below and return one copy of this letter to the undersigned. Should you elect to participate, please also sign, and return one copy of each AFE, along with the Operating Agreements.

Sincerely,

Matt Solomon
Senior Landman
713-379-3083
msolomon@earthstonenergy.com

MRC Permian Company hereby elects to:

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 3H**.
_____ Non-consent/farmout/assign its interest in **DeLorean 9-10 Fed 1BS Com 3H**, subject to acceptable terms.


_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 1BS Com 4H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 1BS Com 4H**, subject to acceptable terms.


_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 7H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 7H**, subject to acceptable terms.

_____ Participate for its proportionate share in the drilling & completion of the **DeLorean 9-10 Fed 2BS Com 88H**.
_____ Non-consent/farmout/assign its interest in the **DeLorean 9-10 Fed 2BS Com 88H**, subject to acceptable terms.

MRC Permian Company

By: _____
Name: _____
Title: _____
Date: _____

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: DeLorean 9-10 Fed Com 1BS 4H		Project Description:			
Field Name: Ranger		2 WELL PAD. Estimate is for the drilling of a 2-Mile 1st BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 19,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 120,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 53,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,700,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 131,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 536,000	1433/400	WELLHEAD EQUIPMENT	\$ 65,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,114,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ 175,000
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 680,000	FACILITIES TOTAL		\$ 865,700
TOTAL DRILLING COSTS		\$ 3,814,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,688,548
			TOTAL ESTIMATED WELL COST		\$ 10,502,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

			<h2 style="text-align: center;">Earthstone Operating, LLC</h2> <h3 style="text-align: center;">Statement of Estimated Well Cost</h3>		
Well Name: DeLorean 9-10 Fed Com 2BS 88H		Project Description:			
Field Name: Ranger		2 WELL PAD. Estimate is for the drilling of a 2-Mile 2nd BSS lateral in Lea County, NM. 10-3/4" Surface casing will be preset at 1650' MD. The intermediate section will be a 9-7/8" hole drilled to 5,600' MD with 8-5/8" casing set. A production interval will be drilled with OBM as a 7-7/8" curve, and 7-7/8" lateral to TD at approximately 20,500 MD', ~10,400' VS. 5.5" production casing will be run to surface. Scheduled as 18 days to Rig Release.			
Location: Lea Co., NM					
AFE #: 22 - XX - XXXX					
DRILLING INTANGIBLE			COMPLETION INTANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1420/ 10	LEASE / STAKE / PERMIT	\$ 6,000	1432/ 10	LEASE / STAKE / PERMIT	\$ 2,500
1420/ 16	INSPECTION	\$ 10,000	1432/ 20	LOCATION AND ROADS	\$ 17,500
1420/ 20	LOCATION AND ROADS	\$ 125,000	1432/ 70	COMPLETION/WORKOVER RIG	\$ 46,400
1420/ 25	SURFACE DAMAGES	\$ 22,500	1432/ 90	FUEL, POWER & WATER	\$ 358,400
1420/ 30	RIG MOBILIZATION	\$ 120,000	1432/110	TRUCKING/VACUUM TRUCK	\$ 15,000
1420/ 50	DAYWORK	\$ 672,000	1432/120	DRILLING/COMPLETION FLUIDS	\$ 3,500
1420/ 80	BITS/ REAMERS	\$ 84,000	1432/130	CEMENT AND PUMP SERVICE	\$ -
1420/ 90	FUEL, POWER & WATER	\$ 241,000	1432/150	ELECTRIC LOGGING/PERFORATING	\$ 352,800
1420/110	TRUCKING/VACUUM TRUCK	\$ 55,000	1432/170	EQUIPMENT/TOOL RENTALS	\$ 490,680
1420/120	DRILLING/COMPLETION FLUIDS	\$ 275,000	1432/171	COMPLETION HOUSING	\$ 19,600
1420/130	CEMENT AND PUMP SERVICE	\$ 230,000	1432/180	WELL STIMULATION	\$ 3,316,600
1420/140	CASING CREWS AND TOOLS	\$ 50,000	1432/181	WELL TEST SERVICES	\$ 100,800
1420/150	ELECTRIC LOGGING/PERFORATING	\$ -	1432/183	DIAGNOSTIC SERVICES	\$ 60,000
1420/160	MUD LOGGING	\$ 20,000	1432/190	SLICKLINE SERVICES	\$ 4,500
1420/170	EQUIPMENT/TOOL RENTALS	\$ 113,000	1432/195	CONTRACT LABOR	\$ 15,000
1420/174	DOWNHOLE RENTALS	\$ 72,000	1432/220	WELLHEAD REPAIR & SERVICEMAN	\$ -
1420/180	WELL STIMULATION / TESTING	\$ -	1432/230	COILED TUBING SERVICES	\$ 18,000
1420/186	CLOSED LOOP SYS/CUTTINGS DISP	\$ 144,000	1432/250	INSURANCE	\$ 1,700
1420/195	CONTRACT LABOR/CREW/ROUSTABOUT	\$ 65,000	1432/260	SUPERVISION/ENGINEERING	\$ 62,000
1420/200	DIRECTION DRILLING/SURVEYING	\$ 229,000	1432/270	ADMINISTRATIVE/OVERHEAD	\$ -
1420/250	INSURANCE	\$ 10,000	1432/280	PIT REMEDIATION	\$ 20,000
1420/260	SUPERVISION/ENGINEERING	\$ 72,000	1432/290	MISCELLANEOUS	\$ 12,500
1420/270	ADMINISTRATIVE/OVERHEAD	\$ 7,000	1432/310	FRESH WATER TRANSFER	\$ 28,000
1420/315	PARTS	\$ 15,000	1432/350	COMMUNICATIONS	\$ 3,800
1420/350	COMMUNICATIONS	\$ 9,000	1432/412	ARTIFICIAL LIFT	\$ 50,000
1420/300	CONTINGENCY	\$ 53,500	1432/417	FRAC INCIDENTAL	\$ -
			1432/300	CONTINGENCY	\$ 168,268
DRILLING INTANGIBLE TOTAL		\$ 2,700,000	COMPLETION INTANGIBLE TOTAL		\$ 5,167,548
DRILLING TANGIBLE			COMPLETION TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1430/310	CONDUCTOR CASING	\$ 30,000	1433/300	VALVES/CONNECTIONS/FITTINGS	\$ 45,000
1430/320	SURFACE CASING	\$ 130,000	1433/320	FLOWLINE	\$ 9,000
1430/330	INTERMEDIATE CASING	\$ 363,000	1433/370	TUBING	\$ 146,300
1430/340	DRILLING LINERS	\$ -	1433/380	PUMPING UNIT	\$ -
1430/350	PRODUCTION CASING	\$ 564,000	1433/400	WELLHEAD EQUIPMENT	\$ 50,000
1430/400	CASING HANGER/WELLHEAD EQUIP	\$ 55,000	1433/410	DOWNHOLE ARTIFICIAL LIFT EQUIP	\$ 325,000
1430/405	DOWNHOLE TOOLS	\$ -	1433/412	SURFACE ARTIFICIAL LIFT EQUIP	\$ 80,000
			1433/417	FRAC INCIDENTAL	\$ -
DRILLING TANGIBLE TOTAL		\$ 1,142,000	COMPLETION TANGIBLE TOTAL		\$ 655,300
FACILITIES INTANGIBLE			FACILITIES TANGIBLE		
ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT	ACCOUNT CODE	ITEM DESCRIPTION	AMOUNT
1450/ 20	LOCATION AND ROADS	\$ 13,500	1452/300	VALVES/CONNECTIONS/FITTINGS	\$ 55,000
1450/ 90	FUEL, POWER & WATER	\$ 1,000	1452/315	METER EQUIPMENT	\$ 15,000
1450/110	TRUCKING/VACUUM TRUCK	\$ 16,200	1452/340	SEPARATORS	\$ 115,000
1450/170	EQUIPMENT/TOOL RENTAL	\$ 50,000	1452/345	HEATER TREATER	\$ 45,000
1450/195	CONTRACT LABOR	\$ 70,000	1452/355	GATHERING LINE	\$ -
1450/260	SUPERVISION/ENGINEERING	\$ 25,000	1452/360	STOCK TANKS	\$ 110,000
1450/270	ADMINISTRATIVE/OVERHEAD	\$ -	1452/365	DIAGNOSTIC EQUIPMENT	\$ 70,000
1450/290	FACILITES MISCELLANEOUS	\$ 10,000	1452/380	ELECTRICAL EQUIPMENT & SUPPLIES	\$ 50,000
FACILITIES INTANGIBLE TOTAL		\$ 185,700	1452/390	FACILITES	\$ 45,000
FACILITIES TANGIBLE TOTAL		\$ 505,000	FACILITIES TOTAL		\$ 690,700
TOTAL DRILLING COSTS		\$ 3,842,000	TOTAL COMPLETION/FACILITIES COSTS		\$ 6,513,548
			TOTAL ESTIMATED WELL COST		\$ 10,355,548
Operator Approval			Participant Approval		
Prepared By:	Date:		Company:	Participant WI %:	
Approved By:	Date:		Approved By:	Date:	

TAB 3

Case No. 23375

- Exhibit B: Self-Affirmed Statement of Jason Asmus, Geologist
- Exhibit B-1: Structure Map – 1st Bone Spring Sand Structure
- Exhibit B-2: Structure Map – 2nd Bone Spring Sand Structure
- Exhibit B-3: Stratigraphic Cross Section – 1st Bone Spring Sand Datum
- Exhibit B-4: Stratigraphic Cross Section – 2nd Bone Spring Sand Datum
- Exhibit B-5: Gross Isochore – 1st Bone Spring Sand Isopach
- Exhibit B-6: Gross Isochore – 2nd Bone Spring Sand Isopach
- Exhibit B-7: Gun Barrel View

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATIONS OF EARTHSTONE OPERATING, LLC,
FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23375

SELF-AFFIRMED STATEMENT OF JASON ASMUS

I, Jason Asmus, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Earthstone Operating, LLC (“Earthstone”), and I am familiar with the subject application and the geology involved.
3. I graduated in 2012 from Western Michigan University with a master’s degree in Geology. I have worked at Earthstone Energy for approximately 1 year, and I have been working in New Mexico for 11 years. My credentials as a petroleum geologist have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This statement is submitted in connection with the filing by Earthstone of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
5. **Exhibit B-1** and **Exhibit B-2** are structure maps of the 1st and 2nd Bone Spring Ss with contour interval of 50’. The unit being pooled is outlined by red rectangle. The structure map shows that there is a regional down-dip to the S-SE. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval



6. **Exhibit B-3** and **Exhibit B-4** are stratigraphic cross-sections flattened on the Top 1st Bone Spring Ss and Top 2nd Bone Spring Ss. Each well in the cross-section contains a gamma ray and resistivity log. The cross-section demonstrates continuity of both 1st and 2nd Bone Spring Ss target zones. The landing zones are highlighted by black text and brackets.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-5** and **Exhibit B-6**, gross isochore maps of the 1st and 2nd Bone Spring Ss formations, as well as **Exhibit B-7**. **Exhibit B-7** is a gun barrel representation of the unit and shows vertical and lateral spacing of the DeLorean 9-10 Fed 1BS Com 4H, and the DeLorean 9-10 Fed 2BS Com 88H. Exhibits B-1 through B-7 are the same for the applications in Case Nos. 23372, 23373 and 23374.

8. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South, or East-West so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Statement were prepared by me or compiled from Earthstone's company business records under my direct supervision.

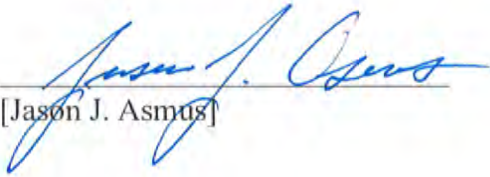
11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of [Jason J. Asmus]:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23375 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

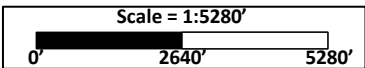
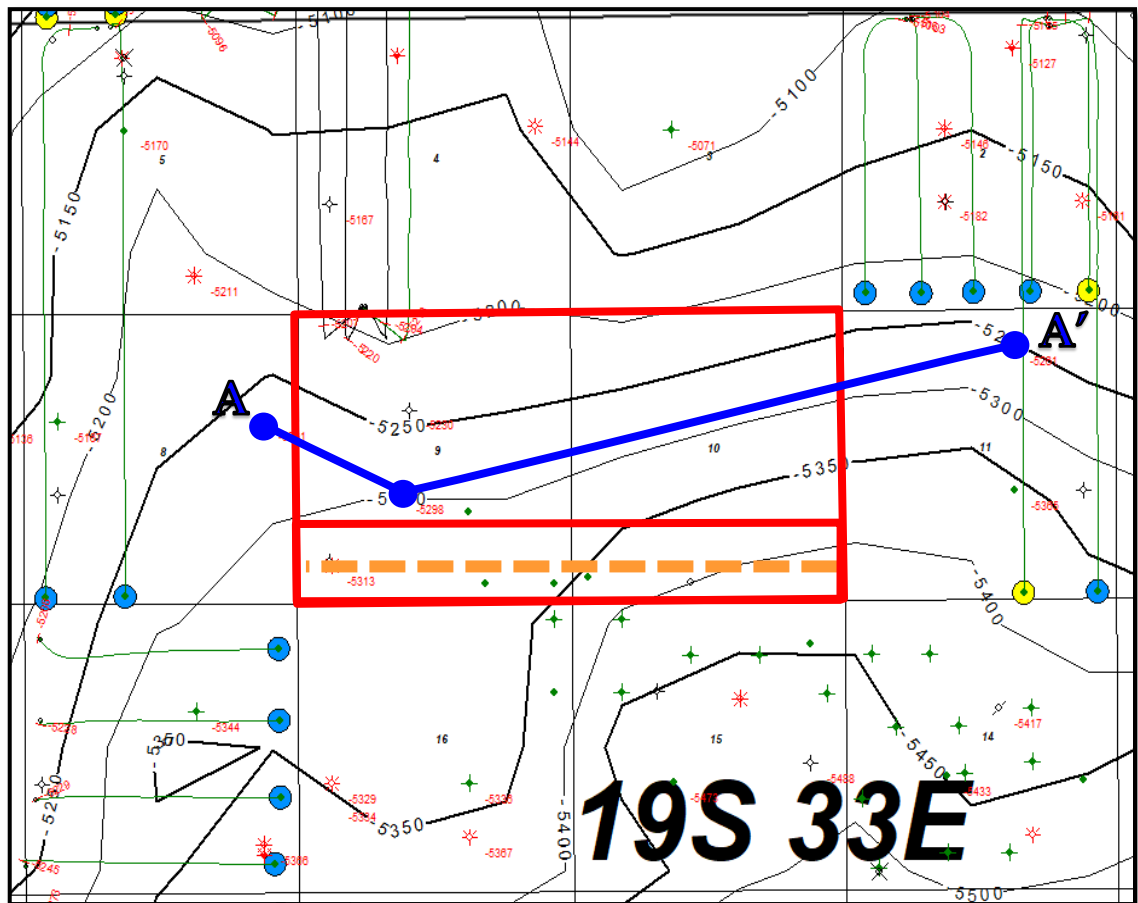
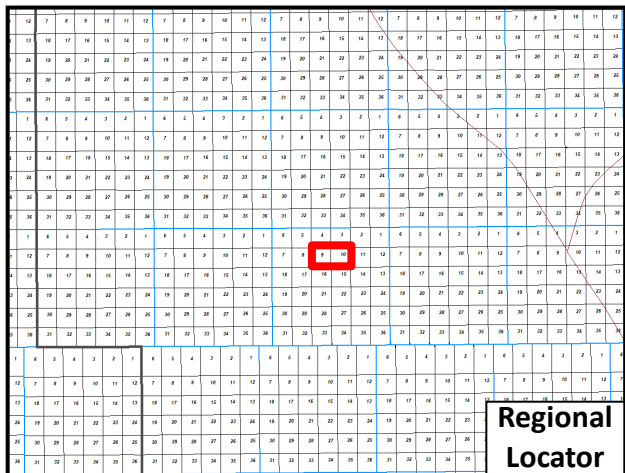

[Jason J. Asmus]



Date Signed

Exhibit B-1 1st Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

- - 1st Bone Spring Sand
- - 2nd Bone Spring Sand



EAR Energy, Inc.

EXHIBIT B-1

Exhibit B-2 2nd Bone Spring Sand Structure (SSTVD): Contour Interval = 50'

-  - 1st Bone Spring Sand
-  - 2nd Bone Spring Sand

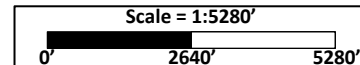
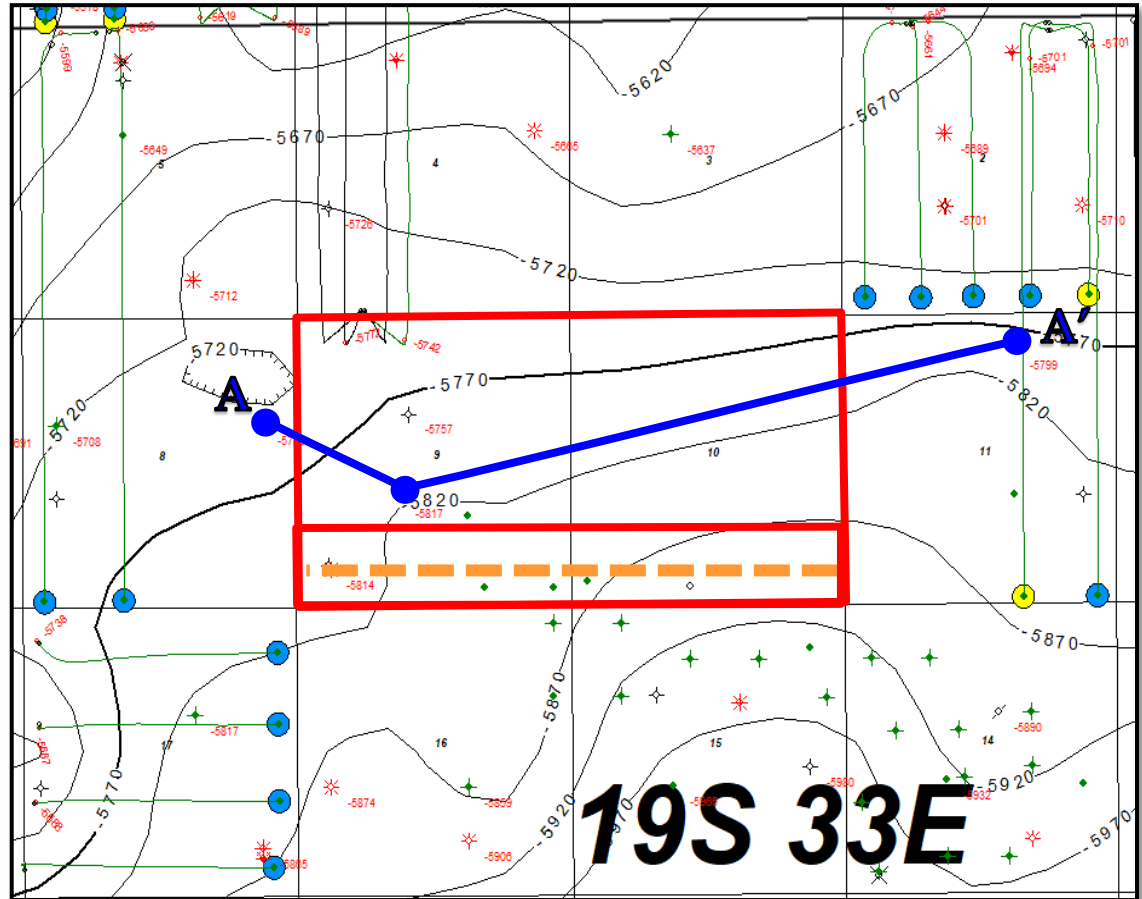
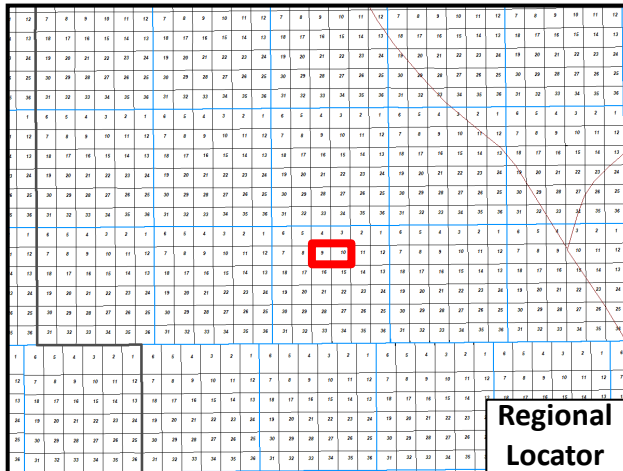


Exhibit B-3 Stratigraphic Cross Section A-A': 1st Bone Spring Sand Datum

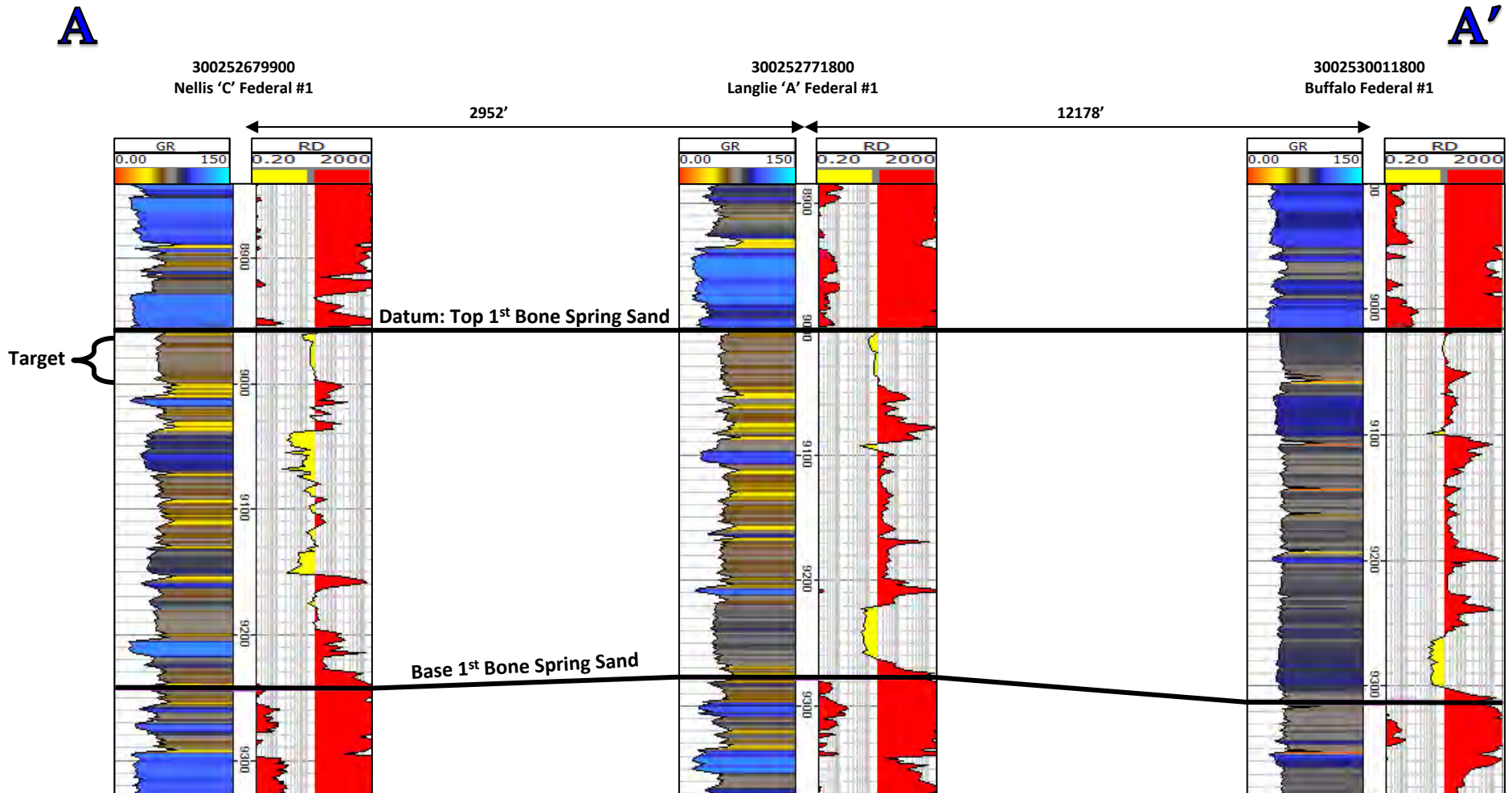
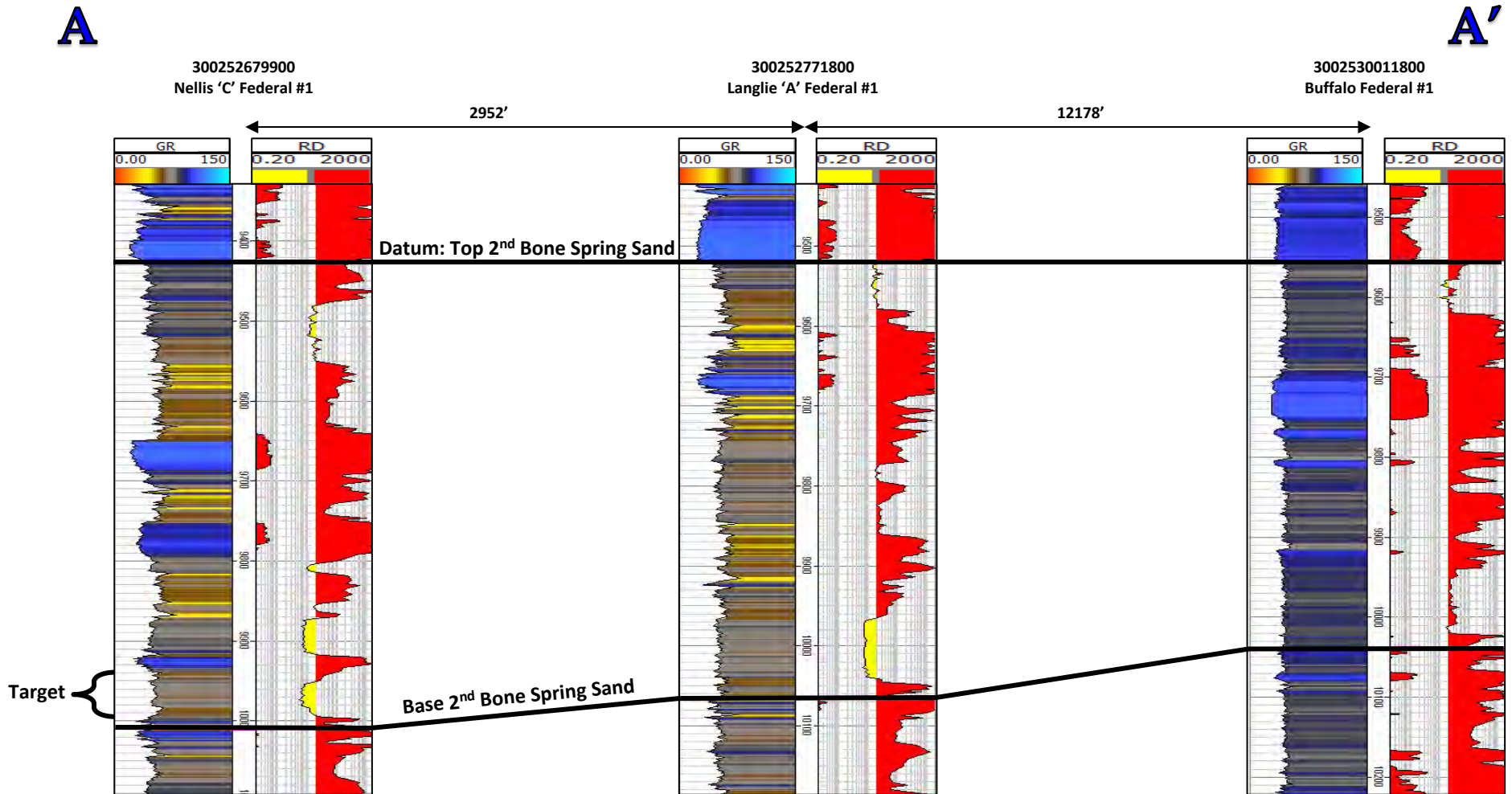


EXHIBIT
B-3

Exhibit B-4 Stratigraphic Cross Section A-A': 2nd Bone Spring Sand Datum



**EXHIBIT
B-4**

Exhibit B-5 1st Bone Spring Sand Isopach: Contour Interval = 50'

-  - 1st Bone Spring Sand
-  - 2nd Bone Spring Sand

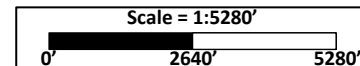
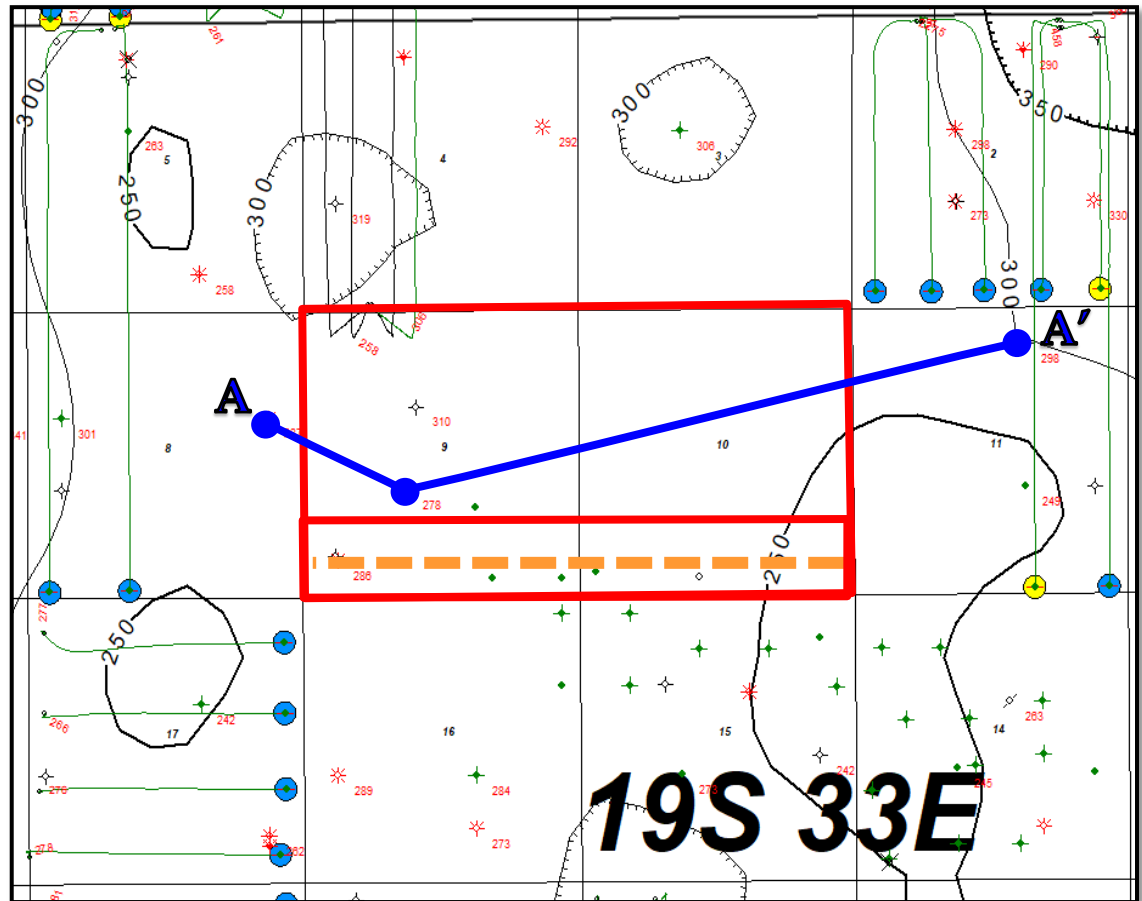
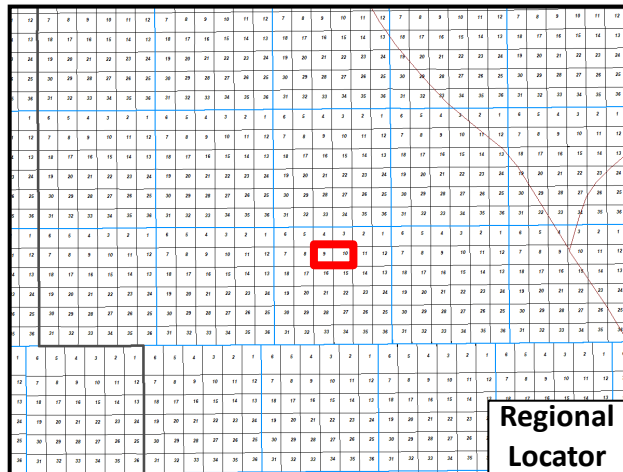


Exhibit B-6 2nd Bone Spring Sand Isopach: Contour Interval = 50'

-  - 1st Bone Spring Sand
-  - 2nd Bone Spring Sand

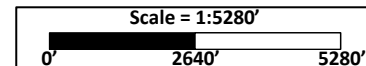
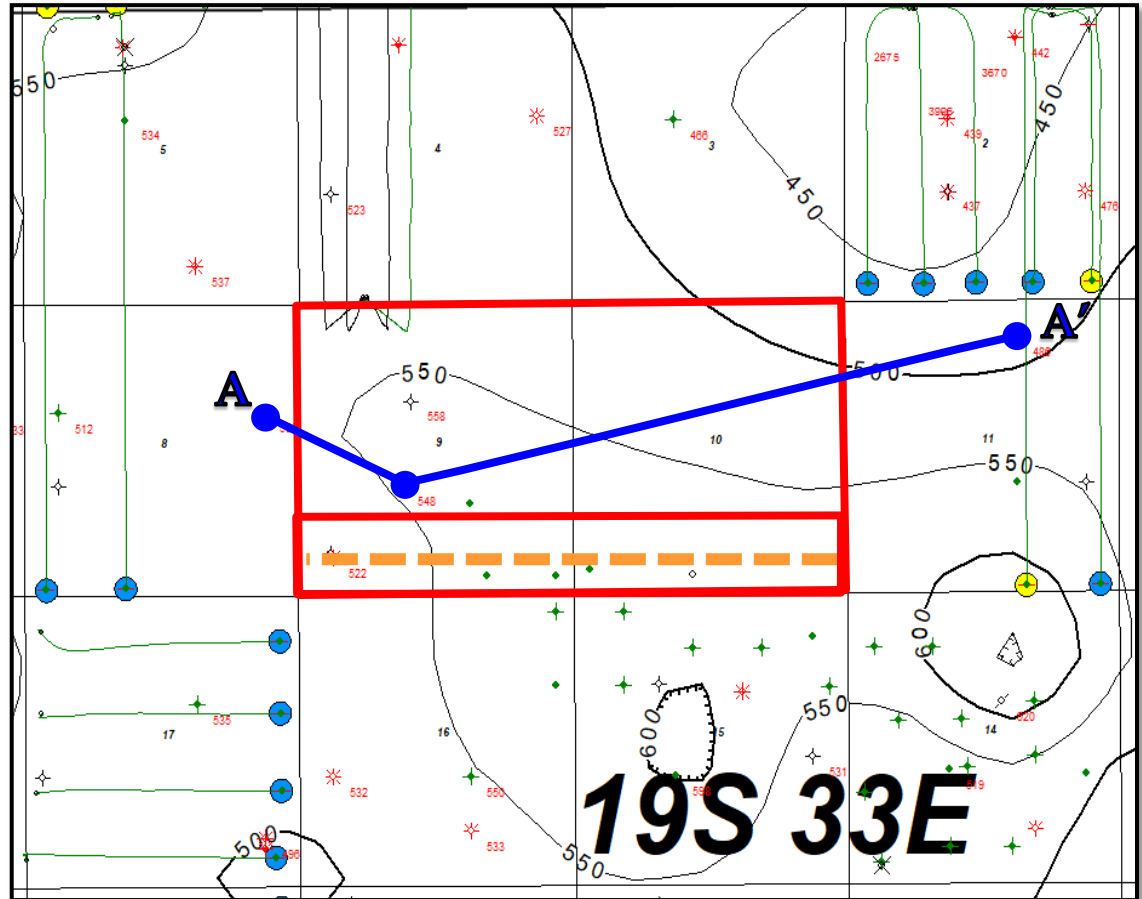
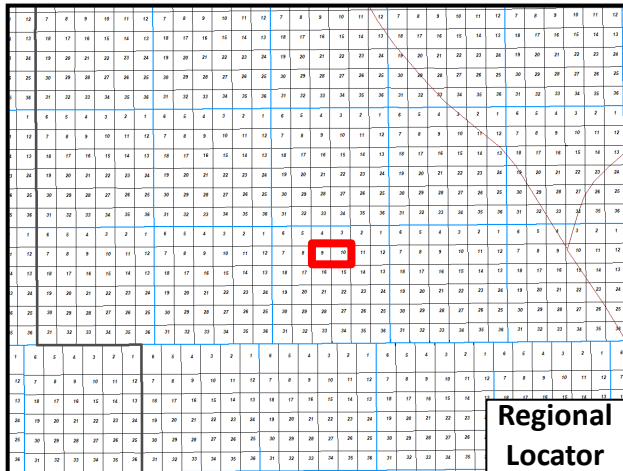
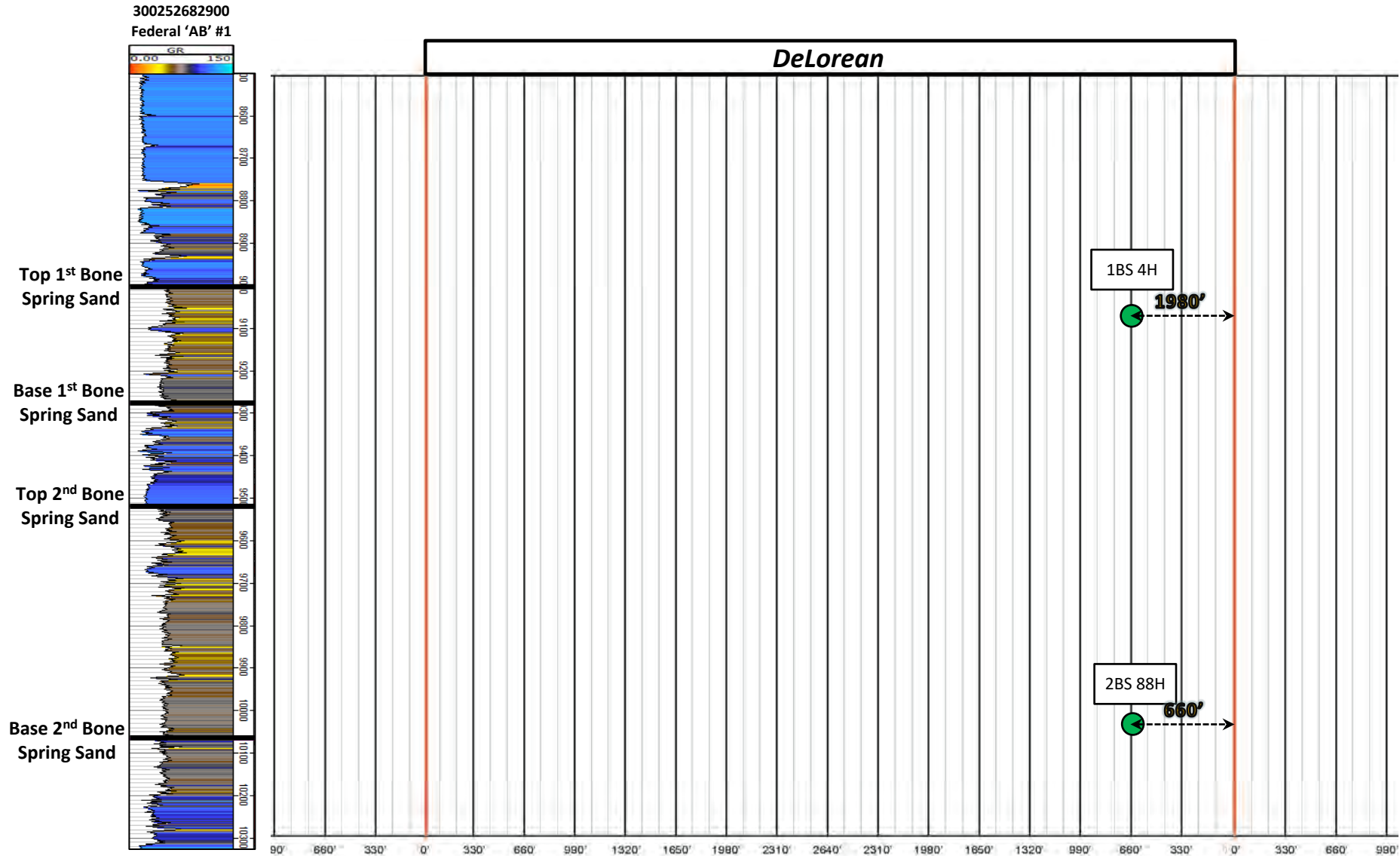


Exhibit B-7 Gun Barrel



TAB 4

Case No. 23375

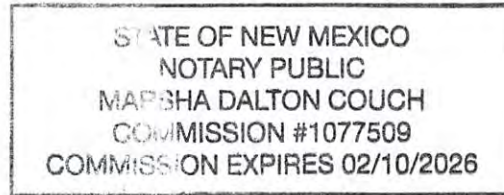
Exhibit C: Affidavit of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

SUBSCRIBED AND SWORN to before me this 28th day of February, 2023 by Darin C. Savage.

Marsha Dalton Couch
Notary Public

My Commission Expires:

02/10/2026





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

February 8, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Earthstone Operating, LLC, for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico
DeLorean 9-10 Fed 1BS Com 4H Well (Case No. 23375)
DeLorean 9-10 Fed 1BS Com 88H Well (Case No. 23375)

Case Nos. 23375:

Dear Interest Owners:

This letter is to advise you that Earthstone Operating, LLC (“Earthstone”), has filed the enclosed application, Case No. 23375, with the New Mexico Oil Conservation Division (“Division”) for the compulsory pooling of units in the Bone Spring formation.

In Case No. 23375, Earthstone seeks to pool the Bone Spring formation underlying the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 88H Wells.

A hearing has been requested before a Division Examiner on March 2, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division’s website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

**EXHIBIT
C-1**

You are being notified as an interest owner (subject to title examination) and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Matthew Solomon at (713) 379-3083 or at msolomon@earthstoneenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Earthstone Operating, LLC

Mail Activity Report - CertifiedPro.net
Mailed from 1/28/2023 to 2/27/2023
User Name: abadieschill
Generated: 2/27/2023 3:58:48 PM

USPS Article Number	Reference Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	Mailing Status	Service Options
9314869904300104303391	4221.2	2/9/23	ConocoPhillips Company		600 W. Illinois Avenue		Midland	TX	79701	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300104303414	4221.2	2/9/23	MRC Permian Company		One Lincoln Center 5400 LBJ Freeway	Suite 1500	Dallas	TX	75240	Undelivered	Return Receipt - Electronic, Certified Mail
9314869904300104303421	4221.2	2/9/23	Timothy R. MacDonald		3003 Paleo Point		College Station	TX	77845	Undelivered	Return Receipt - Electronic, Certified Mail

EXHIBIT
C-2



February 15, 2023

Dear WALZ GROUP:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0104 3033 91**.

Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: February 14, 2023, 07:54 a.m.
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: ConocoPhillips Company

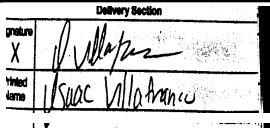
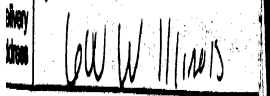
Shipment Details

Weight: 2.0oz

Destination Delivery Address

Street Address: 600 W ILLINOIS AVE
City, State ZIP Code: MIDLAND, TX 79701-4882

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4221.2

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
February 10, 2023
and ending with the issue dated
February 10, 2023.



Publisher

Sworn and subscribed to before me this
10th day of February 2023.



Business Manager

My commission expires
January 29, 2027

(Seal)

STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087526
COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
February 10, 2023

CASE No. 23375: Notice to all affected parties and persons having any right, title, interest or claim to this case, including owners of working interest, overriding royalty interest, and record title, among others, as well as the known and unknown heirs, devisees, assigns and successors of CONOCOPHILLIPS COMPANY; TIMOTHY R. MCDONALD; and MRC PERMIAN COMPANY, of Earthstone Operating, LLC's application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on March 2, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearinginfo/> or call (505) 476-3441. Earthstone Operating, LLC., at 1400 Woodloch Forest Drive, Suite 300, The Woodlands, TX 77380, seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 9 and 10, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the **DeLorean 9-10 Fed 1BS Com 4H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10; and the **DeLorean 9-10 Fed 2BS Com 88H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 9 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 31 miles west of Hobbs, New Mexico.
#00275665

67115820

00275665

DAVID SESSIONS
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301

EXHIBIT
C-3